The impact of initial trust on consumer behaviour in E-Commerce (B2C)

A Study submitted in partial fulfilment of the requirements for the degree of Master of Science in Information Management At THE UNIVERSITY OF SHEFFIELD by AMIN KHAZAEI

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Abstract

Thanks to the Internet technologies businesses have been transformed from the brick-and-mortar to the electronic based. Online shopping attracts shoppers due to its accessibility, the selections of products and low price. Despite the benefits offered by e-commerce to consumers many are still hesitant to shop on the Internet, even those who shop on the Internet are still wary about online shopping. This, it is argued is a result of lack of trust in online environment. This project focused on initial trust and investigates the impact of initial trust on consumer behaviour in online shopping. The literature on the concept of trust, trust in e-commerce, initial trust, and its components was reviewed. An inductive approach was employed in accordance with the nature and the objectives of the study. Survey questionnaires and interviews were used as the instruments for data collection. The findings suggest that consumers’ experiences can affect their confidence and trust in a vendor. The findings also suggest that there are common consumers’ concerns about some aspects of online shopping such as security, payment information, perceived risk, terms and conditions, contact details and product information of a vendor. The findings reveal that the variables which can act as trust building barriers are: terms and conditions, information about vendor, covering damage, telephone number, word of mouth, product information, and customer service. The project is concluded with the possible implications for e-vendors.
Chapter 1

Introduction

1.1 Introduction

According to the UK National Statistics (2005), in the fourth quarter of 2004, 52 percent of households in the UK (12.6 million) could access the Internet from home, compared with nine percent (2.2 million) in the same quarter of 1998. In February 2005, 59 percent of adults in Great Britain had used the Internet in the three months prior to interview, 56 percent of these adults had bought or ordered goods, tickets or services. These statistics show the growth of e-commerce in the UK. This however brings new issues in relation to electronic commerce (e-commerce). Forrester Research (consulting firm) quoted in Kotha et al (2004:109) estimated that, “revenues in the business to customer segment [will] grow from $20 billion in 1999 to $184 billion by 2004”.

These statistics demonstrate the growth of e-commerce, and also online shopping. However, there are serious concerns which act as a barrier for such a growth. Lack of trust in online environment is one of these concerns. This can negatively affect the e-economy growth, e-vendors profitability and consumers’ satisfaction. Although trust is an important variable, it depends on another variable described as initial trust. In other words, initial trust is an antecedent of trust. Exploring the concept of initial trust facilitates building the trust, also developing online infrastructure and improving the relationship between businesses and consumers in e-commerce environment. Although initial trust has such an important role in e-commerce environment, it has not yet received much attention through previous research. Due to this importance and the current gap of knowledge in relation to initial trust, this research therefore aims to investigate and explore it.

By conducting an inductive approach, this study explores the role of initial trust in online environment and its impact on consumer behaviour. The research’s aim is
broken down into a number of objectives in order to provide a definite scope and plan for performing this study. In the following sections: the gap in previous research, the present study’s objectives and structure will be described.

1.2 The Gap in Previous Research

Thus far, much research has been carried out on the concept of trust:

“The vast majority of studies have been published on online customer trust as it develops between customers and companies over time and after repeated experiences.” (Koufaris & Sosa, 2004:377)

This study however, focuses on the concept of ‘initial trust’. This is because there is a significant shortage of previous studies in this regard, as Koufaris & Sosa (2004:379) states:

“To our knowledge, only two other studies have concentrated specially on initial trust on web-based commerce”.

The first research investigated the subject of trust transferring on the World Wide Web which was carried out by Stewart, K.J (2003). The study has provided:

“A starting point for studying the cognitive process underlying trust transfer by explaining how perceptions underlie that process and by providing an empirical test of the process. The model proposed herein expands upon McKnight et al (1998) work by adding trust transfer to the set of cognitive processes that they suggest to be influential in initial trust development.” (Stewart, 2003:15).

The second empirical study which was carried out by Mc Knight et al (2002) examined the impact of initial trust on consumer intention to transact with a web site: a trust building model. This study mainly focuses on the initial phase of establishing a relationship between a web vendor and a consumer, while the consumer has no previous experience with that vendor.
The research has revealed that two components: ‘trusting beliefs’ and ‘willingness to depend’ have a significant influence on the consumers’ intention to purchase from a web vendor. The study by McKnight et al (2002:317) found that:

“Three key trust building levers that can be managed by web vendors (reputation, site quality, and structural assurance) have been tested and shown to be effective in building initial trust in the web vendor. Finally, the TBM [Trust Building Model] successfully incorporates the concept of perceived web risk, illuminating the interactive roles of trust and risk in the web environment.”

The difference between these two concepts (trust and initial trust) might not be very obvious at a first glance but it is significant, especially in the online environment (Koufaris & Sosa, 2004). Initial trust is built up at the first contact of consumer with a web vendor. After building initial trust, further trust can be established. Therefore, without building initial trust it is not possible to establish trust. In other words, ‘initial trust’ acts as a prerequisite of the trust.

Considering the above aspects of initial trust, this study aims to fill the research gap by looking into the subject of initial trust in the B2C model of e-commerce. The study attempts to find out: how initial trust impacts consumer behaviour and how this can be improved.
1.3 Research Aim

The aim of this research is to:

*Investigate the impact of initial trust on consumer behaviour.*

1.4 Research Objectives

In order to satisfy the research aim a series of explicit objectives have been developed as follows:

- To establish a background knowledge of initial trust by investigating related literature, trends and case studies.
- To identify the elements of initial trust.
- To identify the barriers to building initial trust.
- To examine the effect of initial trust on consumer behaviour in online environment.
- To recommend the guidelines for designing e-commerce websites.

1.5 Chapter Outlines

This section introduces the structure of this study including summaries of the contents of each chapter in this research.

1. Introduction

This chapter introduces the problem domain and the context in which this study will be conducted. The research gap is explained in order to justify why this research is looking into this particular subject (initial trust). The research aim and objectives are also clearly defined within this chapter. In addition, the introduction chapter encompasses the outline of the contents and the structure of the study.
2. Literature Review

This chapter is a literature review which aims to establish the background knowledge of initial trust and its relation to consumer behaviour in online shopping. The literature review has been performed through different phases as follows:

- What is trust?
- Trust in different disciplines
- Trust in e-commerce
- Initial trust
- Initial trust components

3. Methodology

This chapter details the methodology used for the study. The research approaches are discussed in order to clarify the choice of approach for the study. This is followed by a description of the methods of investigation for collecting data. After this, design detail of the survey, questionnaires and interviews are outlined followed by an explanation of sampling and distribution. Finally, ethical issues are described.

4. Data Presentation

The data collected by the survey and interviews are presented in this chapter. Statistical techniques are used for depicting obtained data. To obtaining a better understanding of collected data, the findings are explained in related paragraphs.

5. Discussion

In this chapter the results obtained in Chapter 4 (Data Presentation and Analysis) are analysed and discussed. This is performed by recapping the literature in Chapter 2 (Literature review) and also by comparing and contrasting with the other sources of relevant literature.
6. Conclusion

In this chapter the research aim and its objectives are recapped and assessed as to whether they have been fulfilled. The findings of the study are concluded in this chapter. The implications (recommendations) are then detailed in terms of building a useful and trustworthy e-commerce web site. This is followed by describing the limitations of the study leading to suggestions for further studies.
Chapter 2

Literature Review

2.1 Introduction

This chapter will review literature which relates to e-commerce, trust and initial trust. Background knowledge with respect to initial trust is identified and provided. The chapter addresses ‘what is trust?’ followed by the interpretation of ‘trust in different disciplines’ and ‘trust in e-commerce’ respectively. After these, ‘initial trust’ is discussed and ‘its components’ from the existing literature are identified and explored.

2.2 What is Trust?

According to the Online Oxford Dictionary (2006) trust is defined as a “firm belief in the reliability, truth, ability, or strength of someone or something”. Trust is identified as “one of the basic variables in any human interaction” (Blomqvist, 1997:271). Trust has a positive and vital influence in human society since it is part of love and friendship, and meaningful relationships depend upon it. Therefore, trust is a fundamental part of every individual’s social life. As (Hausman, 2002:1773) states, “human beings flourish only in societies in which people are trustworthy and trusting”.

The Socio-Psychological view of trust focuses on the norms of human behaviour and its interaction with a society (Blomqvist, 1997). Therefore, the socio-psychological viewpoint of trust can demonstrate its effects on human life.
There are various definitions in this regard. For example, Blau (1964) quoted in Blomqvist (1997:273) defines trust as follows: “parties can gradually build trust in each other through social exchange demonstrating a capacity to keep promises and showing commitment to the relationship.” Ruohomaa & Kutvonen (2005:79) also state: “The extent to which one party is willing to participate in a given action with a given a partner, considering the risks and incentives involved.”

People try to reduce social uncertainty by relying on trust and familiarity as primary mechanisms. In other words, increase in uncertainty (situational or factors) will increase the degree of risk, as “uncertainties and risk factors are synonymous” (Addison, 2003:28). This is why risk analysis techniques and risk management are used as a tool to help people manage uncertainty (Ngai & Wat, 2004). Trust is only required where there is a probability of risk occurrence. As Krauter (2002:44) states:

“across different disciplines there is an agreement on the conditions that must exist for trust to arise: trust can only exist in an uncertain and risky environment, it would not be needed if actions could be undertaken with complete certainty and no risk”.

Uncertainty and consequently, the need for trust, stems from the lack of detailed knowledge about others (Reigelsberger et al, 2005). In such situations, the role of familiarity becomes important. Familiarity plays a part when a person decides whether to put his trust in another party or not. With this regard familiarity\(^1\) is defined by Gefen, 2000:726) as:

“a prerequisite of trust because it creates a framework and understanding of the environment and the trusted party within which the expectations of trust can be explicated.”

This is why (Gefen, 2000:725) believes that “familiarity is a precondition for trust”. Therefore, limited familiarity makes fostering trust more difficult.

By obtaining knowledge about a particular situation (an environment, a condition or a party), we are able to find what is happening now and what will happen in the future (Gifen & Strub, 2004; Mayer et al, 1995; Walczuch & Lundgren, 2004).

\(^1\) This definition is adapted from theory of Trust and Power by Luhmann (1979).
Understanding a situation or a party helps us to make a confident decision regarding a further step, for example, whether to trust a vendor. Hence, familiarity can reduce social uncertainty. Decrease in uncertainty results in decrease in individuals’ perceived risks. As a result, decrease in perceived risks positively affects the fostering of trust.

Walczuch and Lundgren (2004) argue that ‘familiarity’ is different from ‘experience’. Experience is a result of interaction (mutual or multi-interactions) whereas familiarity is the result only of exposure to a person, a store or event. However, there is an inconsistency in previous research in terms of the interpretation of ‘familiarity’ and ‘experience’. For example, Bhattacherjee (2002:220) states, “familiarity refers to one’s understanding of another’s behaviour based on prior interactions or experiences”. This understanding of familiarity contradicts what Walczuch & Lundgren (2004) describe about familiarity.

These views of human social life in the context of familiarity, trust and their interaction interpret trust as an important part of our general life. As Brown et al (2004:116) state, “trust is ubiquitous in human life”.

2.2.1 Trust Definition

Trust is an extremely complex phenomenon (Lewis et al, 1985; Butler, 1991; Barber, 1983). The variety of definitions of trust reveals its multi dimensional nature (Papadopoulou et al, 2001). This is due to the different interpretations that academics from each discipline have of trust, for example, psychologists and economists. This is why, Siala et al (2004:8) state that “trust is complicated due to the wide spectrum of approaches that define and describe it.”

This complexity of trust causes a kind of disagreement amongst researchers even on basic definition of trust because trust is often conceptualized in accordance with particular context or discipline. For example, “the majority of the psychology literature on trust has focused on interpersonal trust” (Wang & Emurian, 2004:109). In contrast, in the context of management and organization, trust is discussed as a control mechanism for enabling employees to work as a team, so enhancing productivity and efficiency (Mayer et al, 1995).
There are also other definitions of trust which are cited by Kim & Prabhakar (2000:537):

“Curcall and Judge (1995) define trust as ‘an individual’s reliance on another party under conditions of dependence and risk’. Michalos (1990) states trust is ‘a relatively informed attitude or propensity to allow oneself and perhaps others to be vulnerable to harm in the interests of some perceive greater good’. Hosmer (1995) [defines] trust in the context of economic transactions, as ‘an optimistic expectations of the behaviour of a stakeholder of the firm under conditions of organisational vulnerability and dependence’.

Considering the above definitions of trust, the definition was given by Mayer et al (1995) can be the most frequently quoted in the e-commerce literature (Krauter and Kaluscha, 2003; Rousseau et al, 1998):

“The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action to the trustor, irrespective of ability to monitor or control that other party.” Mayer et al (1995:712)

### 2.3 Trust in Different Disciplines

It has already been discussed that trust has many faces and each discipline has a particular view of trust. This happens because trust has a multi-dimensional nature (Kim et al, 2004; Gefen, 2000; Walczuch et al, 2004; Krauter et al, 2003). Therefore, it is useful to explore and appreciate different viewpoints in order to obtain a better understanding of trust.

Thus far, trust has been explored from the socio-psychological points of view because it enables us to explain and justify the concept of trust in human life (Chapter 2 section 2.2). As generally in life, feeling and experiencing trust is more understandable, for example, in our relations with our friends. In the following sections trust will be discussed and investigated from legal perspective, and in relation to the concept of economics as well.
2.3.1 Trust in law and legal affairs

Human society is a lawful society. This is clear and self-evident, because all constitutions, parliament and legal bodies are established to make a better life and justice for society. It is unrealistic to separate law and regulations from society and human life. Dealing with legal and lawful issues is an essential part of each individual’s life. For example, buying or renting a house, opening a bank account, employment and making a contract. Without passing through legal procedures it is not possible to perform these activities. Therefore, it is inevitable to investigate and discuss trust in the context of law and legal affairs.

In the subject of law, ‘trust’ is defined by (Online Oxford Dictionary, 2006) as: “An arrangement whereby a person (trustee) is made a nominal owner of property to be held or used for the benefit of one or more others.” However, Ruohomaa and Kutvonen (2005) argue, that acting in accordance with the law limits the need to trust. This means a lawful action reduces risk. Hence, contemplating trust becomes less important. Nevertheless, one of the issues is that making an action lawful is not always cheap and cost-free but expensive in many cases, such as contract disputes between companies. In addition, it is also slow and inconvenient (Blomqvist, 1997; Klang, 2001). This is time consuming and creates conflict in terms of being legal-oriented rather than trust-oriented. For example, Young and Wilkinson (1989) in their empirical study of 35 managers, reveal that those managers who make a contract formally by relaying on strict legal acts, experienced the most conflict. This can be a reason why “more powerful firms on the other hand, emphasised their own trustworthiness in dealing with trading partners.” (Young and Wilkinson, 1989:117)

Lawyers see trust as an important complement to the control of formal legal contracts. The legal restrictions and conditions cannot be considered as an assurance for the contracts successfulness. This is why morality-based behaviour such as trust is taken into account in relational exchange (Blomqvist, 1997).

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2 Trustworthiness rather than lawfulness
2.3.2 Trust in economy

Economics encompasses a broad field, from micro level to macro, from national to global scale. Each business activity relates to economics. Due to the topic of this study it is important to discuss the role of trust in economy as online shopping and e-commerce are parts of digital economy. This is also because trust enables different parties to interact spontaneously and helps the economy to operate smoothly (Josang et al, 2005). The CEO of Dell Computer Company states “Trust, not profit, is the single greatest challenge facing the business world today.” (JSIS Editorial, 2002:183).

The government uses law as an instrument to promote and secure the economy for the best interests of society (Klang, 2001). However, as described in Chapter 2 (section 2.3.1) employing law in its real sense is often costly. This is why trust can act as a socio-economic value for decreasing costs in terms of time and controlling procedures. Moreover, further collaboration between business parties relies on the trustworthiness of parties rather than employing restrictive laws and regulations. In relation to using technology within economical environment, the role of trust becomes more important as this environment becomes a complex amalgam.

As technology merged into the business activities, the old economy began to evolve into the new economy (Tang et al, 2003). This new economy has emerged as a digital economy, e-economy and online-economy (Schoder and Yin, 2000). These types of economy rely on the technological infrastructure (Information Systems and IT) to perform and fulfil economic activities. However, the evolved-types of economy encompass immaterial commodities due to the role of consumers (human factor) and social aspects of the economy (Olivero and Lunt, 2004). This is why trust is considered to be of the most important commodities within the online environment (JSIS Editorial, 2002; Reichheld et al, 2000). In this regard, Quelch and Klein (1996) quoted in Jarvenpaa et al (2000:45) state that, “Trust is a critical factor in simulating purchases over the internet, especially at this early stage of commercial development”.

This becomes increasingly important in the Internet-oriented economy as Javernpaa et al (2000) point out the lack of trust is one of the most significant barriers in Internet marketing, which is part of the Internet economy. The importance of the
Internet economy is because of efficiencies of Internet-enabled business and its impact on the growth and prosperity in global economy. To gain a better understanding of the size of this economy, it is useful to know that in US alone, consumers spent $51.3 billion in 2001 and $72.1 billion in 2002. This growth is expected to continue and reach $217 billion by 2007, (Slyke et al, 2004). Obviously, in terms of the global economy, these figures are much greater. This is why online-based economy is becoming so important.

2.4 Trust in E-Commerce

2.4.1 Trust in the online environment

Talwatte (2000) notes that Internet trust is still at the embryonic stage as time is vital for establishing trust. This leads to a significant difference between trust attributes in traditional trade and online trade. Talwatte (2000) discusses primary trust maker components such as seals of approval (i.e. digital certificates), brand (to enhance credibility), web site navigation, expectation fulfilment, presentation and the type of technology used. In traditional commerce, trust is created through face to face communication and over a period of time whereas in the online commerce time is dramatically compressed. We also use our senses (touching the product or smelling it) to evaluate the quality of a product and its compatibility with our needs. In contrast, with online shopping the consumer has to trust what s/he is seeing on the web vendor interface, rather than being able to examine the product through her or his senses.

2.4.2 The importance of trust in e-commerce

Trust is a crucial element in any business discipline and transformation, which involve information technology (Journal of Strategic Information System Editorial, 2002). In relation to this belief, Tang et al (2003:342) state, “Trust is the foundation upon which commerce is built, and in the virtual world it may be the fuel for the locomotion”.

What makes trust so important is due to the level of uncertainty in e-commerce environment, which is higher than the traditional commerce due to the following issues:
• Lack of physical contact, in terms of location, touching goods and the human factor (face-to-face or verbal communication). This limits the consumer ability for assessing the quality and suitability of a product (Lynch et al, 2001).

• Not being able to observe body language and emotional signals which might have a positive effect on building a trustworthy relationship between the customer and the vendor (sales person). In the absence of a live social interaction between a buyer and a seller, the quality assessment of a product or services becomes difficult in the online environment compared with the traditional commerce. For example, when a sales person is asked for more detailed-information of a product or service (just for being sure of the satisfactory level of the quality or the price of that product or service). Hence, in computer mediated environment, many signals of personal interaction are absent (e.g. facial expression, gesture, body language), (Krauter and Kaluscha, 2003). This also results in a consumer being unable to assess the integrity, benevolence, or ability of vendor as easy as in the traditional commerce.

• The lack of control and the limitation of tracking of the purchase procedures after sending information from the consumer (Personal Computer) to a web vendor’s server. Despite the fact, that many web vendors claim that they use encryption system. However, there is a possible risk of secondary use of the consumers’ information while it is transmitted and settled on the business side server. The encryption system works through an electronic channel, and not at the server side of company. It means all consumers’ information exists on the server of the vendor without encryption and others at the server side can have access to this information.
2.5 Initial Trust

Initial trust has been recognised as a vital factor for many types of e-based commerce. This is due to its role in creating initial relationships with customers in the business-to-customer commerce (Kim and Tadisina, 2005). Initial trust is defined by Kim and Tadisina (2005:3) as “one that invokes and maintains an initial relationship before the relationship becomes a committed one”. Koufaris & Sosa (2004:378) also define it as “the willingness to rely on a third party after the first interaction with that party”.

Here, a third party acts as an intermediary that helps a consumer to gain familiarity with and confidence in the web vendor. Consumers’ testimonials, sites rank, and seals of approval can act as a third party where the consumer first contact with a web vendor takes place. In the concept of initial trust components, researchers have described two types of trust. Some researchers have focused to personality-based trust (for example, Kim & Tadisina; 2005, Walczuch and Lundgren, 2004). Some other researchers such as McKnight et al (2002a) have paid attention to the macro level of trust, which has encompassed environmental attributes (impersonal-based trust) such as the legal, technical or social aspects of e-commerce environment.

2.5.1 Personality-based trust

Personality-based trust or individual trust disposition is based on the characteristics of the trustor, (Lee & Turban, 2001). What makes personality-based trust important is its effect on the consumers’ perception of a vendor. Walczuch & Lundgren (2004) and Oslon & Suls (2000) recognised six important traits which affect personality-based trust, as they are summarised in table 2.1.
Following this, each trait is explained by adapting the findings of studies by (Oslon & Suls, 2000; Walczuch & Lundgren, 2004).

Table 2.1 – Personality-based trust traits and their related characteristics

<table>
<thead>
<tr>
<th>Traits</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Extraversion</td>
<td>Sociable, careless, adaptable, more likely to trust e-retailers</td>
</tr>
<tr>
<td>2) Neuroticism</td>
<td>Emotional instability, pessimism, and low self esteem.</td>
</tr>
<tr>
<td>3) Agreeableness</td>
<td>Having positive belief toward others, well being, being less-concerned about social norms</td>
</tr>
<tr>
<td>4) Conscientiousness</td>
<td>Being responsible, dutiful, and trustworthy. They tend to be more serious and cautious in making decisions</td>
</tr>
<tr>
<td>5) Openness to experience</td>
<td>Open-mindedness, willing to embrace new concepts, making liberal decisions</td>
</tr>
<tr>
<td>6) Propensity to trust</td>
<td>Positive relations with trust, it can be low or high. Indicating the likelihood of demonstrating trust by a person.</td>
</tr>
</tbody>
</table>

2.5.1.1 Extraversion

Extraversion is used to explain the behaviour of people who focus on the outside world. Extraverts are more sociable and openness. In addition, they are more adaptable to different environments and change. They are also more likely to trust online vendors.

2.5.1.2 Neuroticism

The people who are characterised by neuroticism can have emotional instability. People who have neuroticism are also pessimistic and have low self esteem. People who are high in neuroticism often perceive that their situation in a transaction process is not fair and they are vulnerable. This is because they think that they have no control over their information when they give it to a web vendor.

2.5.1.3 Agreeableness

Agreeableness characterises the people who have a positive view of others. However, this positive view can be changed due to the level of agreeableness in a person. For example, people who are low in agreeableness have little respect for others and less concern about the social values and norms. In contrast, those people who are high in agreeableness tend to respect others as they believe respecting others generates respect for them.
2.5.1.4 Conscientiousness

This attribute implies that one should be responsible, dutiful, and trustworthy. People who are characterised by being conscientious are often serious and cautious in making decisions. People who are low in conscientiousness are more likely to trust and be trustful whereas people who are high in conscientiousness expect others to be conscientious towards them. Therefore, they are more likely to trust.

2.5.1.5 Openness to experience

This trait refers to people who are open-minded. People who are high in this trait are more likely to make decisions easily (without too much restriction, thinking or caution) whereas those people who are low in openness to experience tend to make cautious and moderate decisions. Being more open, results in an increase in willingness to experience new concepts. It also leads to people being more careless with regard to new situations.

2.5.1.6 Propensity to trust

Propensity to trust refers to the likelihood that a person will demonstrate trust. It can be considered that the higher degree of propensity to trust in a person leads to an increase in the likelihood that s/he is to trust and vice versa.

2.5.1.7 Personal traits and trust

These six traits and their attributes (table 2.2) can affect the image that a person gains from a vendor (Olson and Suls, 2000). “the image a person has of e-retailers is thus the most important determinant of trust in e retailing” (Walczuch and Lundgren, 2004:169). This is because the image that a consumer gains from a vendor affects his (her) willingness whether to trust a vendor and purchase or not. For example, if a consumer is high in ‘openness to experience’ s/he has an optimistic image of a vendor. Consequently, s/he is more likely to make decisions freely. In contrast, a consumer who is low in ‘openness to experience’ tends to make more cautious decisions. This also can apply when a consumer has an unpleasant online shopping experience due to the negative effect of that experience.
2.5.2 Impersonal-based trust

Impersonal-based trust refers to the attributes of the online environment. McKnight et al (2002a:336) describe it as institution-based trust and state, “Institution-based trust is the sociological dimension of trust. It refers to an individual’s perceptions of the institutional environment—in this case, the Internet”. They interpret the Internet as an institution and describe the Internet environment as an ‘institutional environment’ which mainly refers to the impersonal-based environment of trust.

McKnight et al (1998) quoted in Stewart (2003:8) state that institution-based trust “reflects the security one feels about a situation because of guarantees, safety nets, or other structures”. Following them, Kim et al (2004:538) define institution-based trust as when “one believes the necessary impersonal structures are in place to enable one to act in anticipation of a successful future endeavour”. These two definitions reveal that institution-based trust is mainly focused on the environmental (non-human) attributes rather than personal (human oriented) attributes. Here, non-human attributes (impersonal) refer to the technology of the online environment, the system’s infrastructure, relevant legal affairs and so forth.

Within the Internet environment, these attributes can be presented as security (e.g. encryption or SSL), web usability, legal user agreements, guarantees and so forth. These attributes can create a type of structure which is named by McKnight et al (2002:304) as “structural assurance”. It means that a well-secured infrastructure (legal and technological) enables vendors to establish and run their businesses in a safe and secured manner. McKnight et al (2002) argues that structural assurance is associated with trusting beliefs and ‘trusting intention-willingness to depend’\(^3\), because it is more likely that consumers give trust to a party who is operating in a secure environment. Structural assurance can also have an effect on the consumers’ ‘trusting intention-willingness to depend’, as a high degree of structural assurance enables them to overcome their fear of dealing with an online environment.

\(^3\)“Trusting intentions-willingness to depend (that is, a decision to make oneself vulnerable to the vendor).”McKnight et al (2002:297)
2.5.3 Trust in a vendor

Thus far, trust has been defined in terms of different concepts (e.g. trust in law, economy, and e-commerce). However, in the e-commerce environment (B2C) the basic assumption relies on the existence of a web vendor, a consumer and online network. Therefore, here trust is defined and investigated within this environment, with the intention of finding out, what ‘trusting in a vendor’ means. With this regard, McKnight et al (2002:297) states:

“Trust in a vendor is defined as a multi-dimensional construct with two inter-related components: trusting beliefs (perceptions of competence, benevolence, and integrity of the vendor), and trusting intentions-willingness to depend (that is, a decision to make oneself vulnerable to the vendor)”.

‘Trusting beliefs elements’ are given attention in this study due to their importance in the context of initial trust. This is why “McKnight et al (2002a) used trusting beliefs as a proxy for initial trust in their empirical study” (Kim and Tadisina, 2005:2). Interestingly, the study performed by Kim and Tadisina (2005) confirms the key factors of trusting beliefs identified by McKnight et al (2002a). Nevertheless, these are not the only components of trust but also there are some other trust components such as dependability and faith, security, company reputation, information quality and web interface design (Olivero and Lunt, 2004; Atif, 2003; Kim and Tadisina, 2005).

Understanding the concepts of competence, benevolence, and integrity helps us to identify the attributes of a web vendor which are important for creating initial trust. It also explains the behaviours of a web vendor and consumer toward each other in the online environment. In the next sections of this study, these concepts (competence, benevolence, and integrity) will be discussed in detail.
2.5.3.1 Competence

In defining competence Kim and Tadisina (2005:3) states “a customer’s belief that an e business has ability to do business”. Here, ability or being capable is the key to vendor’s competency. This is why “if a person feels someone lacks ability necessary for the relationship, this person will not place trust in that someone” (Lanford and Hubscher, 2004:316). The crucial point here is to convince consumers that a vendor has the ability to deliver products or services to the consumers. This is the stage at which a vendor has to offer varieties of values and assurances in order to meet consumers’ expectations.

Regarding the relationship between competence and initial trust, research by Schneider (1998) examines different dimensions of competence trust on the Internet, such as correctness, availability, reliability, security, and survivability (table 2.2). Another study by Kim & Prabhakar (2004:7) state, “initial trust in the electronic channel implies trust in an inanimate object, thus making competence trust is the relevant form of trust”.

Table 2.2 – Trust dimension, adapted from Schneider (1998)

<table>
<thead>
<tr>
<th>Trust dimension of the Internet</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correctness</td>
<td>Proper outputs are produced by the system for each input.</td>
</tr>
<tr>
<td>Availability</td>
<td>Ensure that a system continues and keeps its functionality if it is going to face certain anticipated failures.</td>
</tr>
<tr>
<td>Reliability</td>
<td>Capability of a system to perform consistently and precisely what is expected to do.</td>
</tr>
<tr>
<td>Security</td>
<td>Ensure that a system can stand against attacks that can compromise data and services.</td>
</tr>
<tr>
<td>Survivability</td>
<td>Capability to provide a satisfactory level of service in critical conditions (adverse or hostile situations)</td>
</tr>
</tbody>
</table>
2.5.3.2 Benevolence

Bhattachrjee (2002:223) defines benevolence as:

“Whether or not the firm: 1) Demonstrates receptivity and empathy toward users’ concerns and needs, and 2) Proactively makes good faith efforts to resolve users concerns and the third item is assessing overall firm benevolence (that is whether it acts in users’ best interest)”.

Benevolence can be stimulated by generating opportunities for the structuring of a long lasting relationship between trustor and trustee. However, “strong feelings of benevolence only evolve over repeated episodes of trusting and fulfilling” (Riegelsberger et al, 2005:402). It is worth noticing that the benevolent behaviours (interpersonal cues) should be genuine and not for strategic reason, otherwise they can spoil trust. This is because benevolence behaviours can be perceived as manipulative and artificial behaviours if they are not genuine (Riegelsberger and Sasse, 2002). This is why “ill-considered use of these cues can decrease both trustworthiness and usability of an e-shop” (Riegelsberger and Sasse, 2002:743).

Further evidence for immediate effective responses (e.g. initialising trust) to interpersonal cues comes from the field of neuroscience. Seeing interpersonal cues such as face expressions, smiling, eye-glazing or handshaking, result in immediate activation of a brain region that is associated with gratification (O’Doherty et al, 2003). Such interpersonal cues are important as they convey information about the trustee to trustor and vice versa. Consequently, such cues can create some degree of effective trust, even if there is no rational basis for such trust attribution (Ba et al; 2000; Riegelsberger et al, 2005). This is why a shiny-attractive smile or face is highly appreciated in most societies, because the smile as an interpersonal signal passes some information to the other party. This information transfers a sense of sincerity, benevolence and goodwill from one party to the other. Consequently, it creates a certain level of trust as mentioned (through visceral nerves reaction). This level of trust leads to achieving a degree of satisfaction between trading parties.
Regarding the aspects which have been pointed out in this section (2.4.3.2), the question is how it is possible to convey these cues or benevolent signals on the Internet or through a web vendor interface. This can be a challenging issue for web vendors. This is why, in evaluating a website interface, the attribute of the look and the feel of the vendor’s interface is important. This is because there is no logical basis for this type of trust attributions as they are related to our feelings rather than rational thoughts (Riegelsberger at al, 2005)

### 2.5.3.3 Integrity

Belanger et al (2002:251) define integrity as “the evidence of the marketer’s honesty and sincerity”. In this regard, Koufaris & Hampton-Sosa (2004:378) state, “integrity implies that the trustee follows moral and ethical principles that are acceptable to the trusting party”. Ridings et al (2002:276) also state:

“Integrity is the expectation that another will act in accordance with socially accepted standards of honesty or a set of principle that trustor accepts, such as not telling a lie and providing reasonably verified information. .... It is closely linked with benevolence that allows community to properly function.

The close relationship between benevolence and integrity causes them to be interpreted as the same. In other words, integrity and benevolence might have the same meaning in the online realm (Ridings et al, 2002).

The general perception of integrity focuses more on the product price, quality, and dependability aspects. Nevertheless, Legal integrity (Belanger et al, 2002) has been overlooked by vendors even the most reputable ones. For example, PayPal is a well-recognised web-based payment system. Despite PayPal using a set of strategies such as warranties, customer service and so forth to convey a sense of integrity to the consumers, the law case (Carig Comb et al.v. PayPal, Inc. Cases No. C-02-1227 and C-02-2777 JF, N.D. Cal., August 30, 2002) that against PayPal reveals something different (Conzalez, 2004). This law case questioned PayPal’s liability although PayPal tried to cover itself from liability by using unfair terms and conditions in the user agreement (an online form that consumers have to submit for subscription).
The court found the arbitration clause written in the PayPal user agreement was unreasonable (basically unfair). But PayPal defended the case by saying this was the agreement which was signed by consumer, hence it should be taken to arbitration. However, the court found that in ‘click-wrap’ adhesion agreements such as PayPal, more care should be taken to ensure that the contract (user agreement) does not include unfair terms. The result of this case and the court decision had severe implications for such clauses (Conzalez, 2004). This study does not aim to assess the whole case, but tries to focus on this case from the view of integrity and benevolence.

This case is an example that shows how it is possible for a web vendor to overlook the importance of genuine integrity towards consumers, particularly from legal points of view. Fortunately, the regimes of unfair contractual terms are more restrictive in the U.K, for example, the Unfair Contract Term Act 1977 (UTCA), and Unfair Terms in Consumer Contracts Regulations 1999 (UTCCR) help to protect consumer rights where a web vendor fails to consider ‘legal integrity’ with the consumers.

Taking into account the aspects of integrity which have been pointed out, integrity cannot be limited to the online environment. In a broader sense, it covers the compatibility and dynamic between the online and off-line components and the relationship between these environments. For example the relationship (dependability) between selling a product (online) and its on time delivery (offline) as it described through the vendor’s web site.

### 2.6 Initial Trust Components

This part of the study investigates the variables (components), which affect building relationships between consumers and a web vendor. In the absence of face to face contact, a consumer must have a high level of trust before s/he decides to give his information to a web vendor. Since performing business activities within the e-commerce environment often involves giving both personal and financial information, hence a feeling of trust (initial trust) must exist before consumers start interacting with a vendor (Vatanasombut et al, 2004).

The stage at which a consumer tries to make a decision for purchasing from a web vendor, is a critical stage. At this stage a consumer evaluates and consequently decides whether s/he trusts in a vendor or not. Variables such as web site usability,
security, feedback system, web site contents, and privacy policy can convey level of trustworthiness of a web vendor to a consumer. These variables, therefore, can determine the initialising of trust at this stage. In other words, a consumer would like to find the signals from a web vendor which indicates low-level risk and vulnerability if s/he purchases from that vendor. Therefore the level of familiarity that a consumer gains at this stage is important for establishing trust and engaging in a transaction.

Any poor quality in these variables (mentioned in the previous paragraph) or overlooking them results in a consumer leaving the vendor and switching to other vendors. In the Internet environment switching to different vendors is easy and has no cost for a consumer. Hence, “users who experience a feeling of distrust are more likely to stop using the service regardless their prior commitment” (Vatanasombut et al, 2004:68). Therefore, the probability of stopping using a web vendor would be stronger if consumers found a sign of lack of trustworthiness in the first contact with a web vendor. Table 2.3 describes the components will be discussed in next sections.
### Table 2.3 – Initial trust components and their definitions

<table>
<thead>
<tr>
<th>Variables (Components)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web site usability</td>
<td>Web site usability defines as “the ease with which user can navigate a site” (Kotha et al, 2004:111)</td>
</tr>
<tr>
<td>Word of mouth (WOM)</td>
<td>“It is the primary mean of disseminating market information when the services are particularly complex and difficult to evaluate” (Kim and Prabhakar, 2000:540)</td>
</tr>
<tr>
<td>Reputation</td>
<td>“the extent to which buyers believe a selling organisation is honest and concerned about its consumer” (Jarvenpaa et al, 2000:48). Reputation also is defined by (Ruohomaa and Kutvonen, 2005:79) as “a perception a party creates through past actions about its intentions and norms”</td>
</tr>
<tr>
<td>Brand</td>
<td>Online Free Encyclopaedia Wikipedia (2006) Defines, brand as “the symbolic embodiment of all the information connected with a company, product or service.”</td>
</tr>
<tr>
<td>Security</td>
<td>“The word ‘security’ in general usage is synonymous with ‘safety’, but as a technical term ‘security’ means that something not only is secure but that it has been secured. ‘Information security’ is not confined to computer systems, nor to information in an electronic or machine-related form. It applies to all aspects of safeguarding or protecting information or data, in whatever form” (Online Free Encyclopaedia Wikipedia, 2006)</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>“A consumer’s perceptions of the uncertainty and adverse consequences associated with buying a product (or services)” (Lu et al, 2005:109).</td>
</tr>
</tbody>
</table>
2.6.1 Web site usability

On the Internet, a web-based vendor is faceless. Hence, the interface becomes the online shop front where the first impressions are being built. Consequently, it is more likely for a consumer to trust a vendor if the vendor has a high quality web site. Attributes such as ease of navigation, downloading quickly and reliability are vital to be considered by a vendor. Moreover, content quality directly affects the consumer’ perception of a web vendor quality (perceived site quality). Often, a site’s structure, content and quality of information are assessed by consumers as a way of finding the level of accuracy, correctness, timeliness (information should be updated timely), and usefulness (Fung and Lee, 1999). While a consumer visits a site for the first time, initial trust is formed quickly based on “whatever information is available” (Meyerson et al, 1996 quoted in McKnight et al, 2002:307). Therefore, the first impression is crucial, as Talwatte (2000) notes, if a web vendor cannot fulfil the consumer demands the potential costumer will wait less than nine seconds.

Web site content, information availability and accessibility help those who have no e-retailing experience become familiar with the vendor. Familiarising consumers with a vendor is important because “a lack of perceived familiarity with the Internet and e-retailing may be a reason for the low trust levels of participants with no e-retailing experience.” (Walczuch & Lundgren, 2004:169). Familiarity acts as:

“An antecedent of trust because it enables people to place their trust beliefs about the future into a context which clarifies the specifics of what they expect of others: the what, where, when, and how.” (Mayer et al, 1995:421.

In order to familiarise consumers with an e-vendor, the website content should cover the following aspects:

Clarification of consumer expectations, What: product description, for example. Where: any types of information in relation to the place, whether in real world (addresses) or in virtual space (web links, URL). When: product availability and delivery in terms of time. How: policy and procedures, and security in terms of selling product, guarantee, privacy safeguards and policies. These attributes reflect
the fact that a good content is an essential component for any web-based vendor. As Ed Horowits (Leader, e-Citi division, Citigroup) quoted in Cunningham (2000:81) states, “Content is what will determine long-term Internet Profitability. To focus on technology without content is like building a hospital without nurses and doctors.”

All a web site’s attributes such as efficient navigation, content quality, appropriate image resolution, easy to read font and security measurements are employed to create in a consumer a satisfactory level of familiarity and trust within a short time. In the e-commerce environment, familiarity and trust are two significant attributes which affect consumer purchase intention. This results in developing the trustworthiness of a vendor by embedding familiarity building components in the vendor’s web site. These increase trust which leads to purchase intention progression (Gifen, 2000). However, the surprising fact as Zeldman (2003:23) states is that:

“Cunning and insidious, the disease goes largely unrecognized because it is based on industry norms. Although their owners and managers might not know it yet, 99.9% of all websites are obsolete”.

Therefore, a usable web site cannot be just an attractive interface but the whole structure of a web site from the designing phase to the implementation phase should be carried out in a standard⁴ and careful manner.

2.6.2 WOM (Word Of Mouth)

Often new customers or even experienced ones ask others about a web vendor’s attributes such as security, quality and reputation. However, the consumer perceptions about online commerce can be influenced by the information s/he has gathered through WOM referrals.

In relation to initial trust, WOM can act as a means for establishing initial trust in an unknown object (Stewart, 1999). WOM also forms informal channels of communication, for disseminating market information, where the services are particularly complex and difficult to evaluate (Brown and Reingen, 1987). WOM is formed and spread through social networks (friends, relatives and colleagues). Brown and Reingen (1987) refer to the social network theory, and point out the

⁴ Zeldman (2003) is one of the pioneers in establishing the standards for designing web sites. He explains important standards for designing web sites in details.
WOM referral network consists of two components: relational content and relational form. Relational content is a type of communication channel, by which messages are transmitted from one end to another, as in who told whom about the service or product. Relational form refers to possessions of the connection between actors in the WOM referral network such as trust, likeability and perceived expertise (Kim and Prabhakar, 2004).

In the situation that consumers have not any previous experience with the web vendor, WOM reputation can be the key factor in attracting them. (McKnight et al, 2002). Consumers rely on what they heard from friends, relatives or colleagues. In this regard, the position of the WOM sources should also be considered, because WOM from friends and relatives have a significant impact on the level of trust to the recipients (Walczuch and Lundgren, 2004). Sources of WOM are classified into three sources: A) Consumer-dominated such as friends and relatives, B) Neutral, C) Marketer dominated sources (product important-based) (Walczuch and Lundgren, 2004).

Feedback is also considered by Bolton and Katok (2004) as a kind of WOM. They argue that there are some advantages of online feedback in comparison with WOM. Advantages to which they refer are: accessibility to information and the numbers of feedback. However, whether the online feedback acts as a kind of WOM is valid or not, is itself a matter of question. For instance, Mcknight et al (2002:306) state, “hearing from somebody else...can help alleviate users’ perceptions of risk and insecurity in interacting with the vendor”. Here, the word ‘hearing’ implies that a sense is being used (one of the human’s five senses) and it is mutual communication rather than online feedback which is mainly performed by ‘reading’ and is not a mutual interaction.

WOM can act both positively and negatively. McKnight et al (2002) point out that hearing from someone else who had a pleasant experience with a vendor can reduce the level of risk and insecurity perceptions. This positive WOM amplifies the consumer perceptions regarding the vendor’s competence, benevolence, and integrity. This also positively affects consumers ‘willingness to depend’ on the vendor. However, WOM can act adversely if the vendor demonstrates a poor performance towards consumers, whether online or offline.
This is why Smith (2004:227) states:

“Unfortunately, negative experiences are what customers generally remember and what stands out to others through word-of-mouth. They are more likely to discuss these types of experiences rather than any good experiences that they may have with the company”.

2.6.3 Reputation

Reputation means that “one assigns attributes to a person based on second hand information about them” (McKnight et al, 2002:306). Krauter (2002:48) also states, “Reputation is the result of trustworthy behaviour and plays an important part in determining the willingness of others to enter into an exchange with a given actor”. Reputation acts as a guidance for a consumer, and serves as a source of information, which can reduce uncertainty. The higher the reputation is the more certain a trustor (consumer) can be. “Previous research indicates that in the contexts characterised by uncertainty and risk, reputation is becoming increasingly important.” (Olivero and Lunt, 2004:259).

Reputation creates a strong sense of commitment for the vendor, because the vendor has to be more responsible towards consumers in order to protect its reputation. In this regard, the vendor’s reputation will be based both on how well the transaction is performed and to what extent the vendor protects and is concerned about the consumer privacy Levy et al (2005). These create an image of the vendor for the consumers which has been described as the “brand image” (Tan, 1999:164).

The intention to involve in online transactions can be highly dependent on the brand image of the organization (Knights et al, 2001). Nevertheless, it should be noted that reputable brand might not necessarily be able to build a type of assurance for consumers. Aaker5 et al (2004) argue that it is possible that a reputable brand sometimes do not do the right thing towards consumers (an example of this being PayPal which was described in chapter 2, section 2.4.3.3). Although reputation and the size of a company can sometimes be correlated, the size of a company also does not guarantee a good reputation. In this regard, Enron (Oil Company) with its accounting scandal (Koufaris and Sosa, 2004) can be an obvious example.

5 Aaker is correct, not Aker
2.6.3.1 Reputation and time

Reputation is built up on the basis of the values that a vendor delivers to customers over a period of time. In other words, building reputation demands time which enables a vendor builds up an impressive image. For example, the Dell Computer Corporation has built its reputation by demonstrating its competence through innovation and high quality products, on-time delivery, and a competent after sales service (Salam et al, 2005). But this image of Dell has not been built up overnight. Therefore, for newcomers (vendors) initialising trust with consumers by relying on the vendor reputation could be a demanding challenge.

2.6.4 Brand

The American Marketing Association quoted in Teo & Yu (2004:453) defines brand as:

"A name, term, sign, symbol or design, or a combination of them, intended to define the goods or services of one seller or a group of sellers and to differentiate them from those of competitors".

The obvious point is the influence of brand image on the consumer’s willingness to engage in online transactions (Knight et al, 2001). A well-recognised brand often offers dependability, certainty and the assurance of the quality of the products and services to consumers (Dace, 2004). Hence, brand is much more than simply a name.

Brand name has a strong effect on the consumer intention to purchase in an online environment. This is because in an e-commerce environment, brand acts as an indicator which reduces consumer perceived uncertainty about the product attributes which cannot be assessed prior to purchasing (Krauter, 2002). In other words, by referring to the brand in the online environment, consumer can assess the attributes of a product, which can not be evaluated within the online environment. This is because strong brands build confidence in consumer about the quality and reliability of the products and services which they produce. As a result the consumer perception of the strong brands is that they always produce products and services with good quality. Therefore, even if consumer is not able to see or touch the actual product, s/he accepts and trusts what a vendor with a strong brand tells him/her through the vendor web site.
Brand positively affects consumer willingness to pay higher than average price for the product of a strong brand. This results in the fact that vendors sell the products at a price which favours the vendor rather than the customer. For example, Amazon.com does not offer consumers the lowest price (Smith et al, 1999). However, many consumers still buy from them (amazon.com) on a regular-basis (Gupta et al, 2004). This is why a good brand often can dictate its own price in the market environment. Although many vendors are concerned about setting a low price as one of the strategies to attract consumers and to build a brand-price, “it has been found out that wide variations in price negatively affect perceived quality and, in turn, the intent to purchase” (Pennington et al 2003:204).

What makes brand important is its influence on the range of consumer perceived factors (risk, uncertainty, security, post-sell service and so forth) through the credibility mechanism. Brand can act as an integral part of ‘trust construction’, particularly in terms of a brand’s role for enhancing the credibility of a vendor (Talwatte, 2000). Credibility is defined by Herbig and Milewicz (1993) quoted in Blomqvist (1997:277) as “The believability of an entity’s intention at a particular time. That is, credibility is whether a company can be relied on to do what it says it will do”. A high level of credibility results in initialising trust much easier because the consumer perception of risk, security and dependability would be more positive if the degree of the vendor’s credibility is high. This is why brand can act as an integral part of risk reduction strategy (Tan, 1999).

For the products with high, medium and low risk, brand image has a strong influence on consumers as a risk reliever. In empirical research by Tan (1999) an inkjet printer, a watch, and a blank video cassette tape were corresponded to being high, medium, and low risk products respectively. The Crobach’s Coefficient Alpha confirmed this classification of products, as the average perceived risk rating for these products obtained being 5.019 for high risk, 4.66 for medium risk, and 4.54 for low risk. Tan’s (1999) empirical study also revealed, that the most preferred risk relivers for online shopping were; retailer reputation (0.2629), brand image (0.2522), and warranty (money back) (0.1521).
In his study, the importance rating was (0.3328). “Only the high-risk product group showed a different set of importance rating for these risk relievers. For the high risk product, brand image is most important.” (Tan, 1999:171)

2.6.5 Security

A security threat is defined as:

“A circumstance, condition, or event with the potential to cause economic hardship to data or network resources in the form of destruction, disclosure, modification of data, denial of service, and/or fraud, waste and abuse” (Kalakota & Whinston, 2000:177)

Following them, Belanger et al (2002) note that security is the protection against these threats. Kalakota & Whinston (2000) argue that security in e-commerce encompasses:

1) Client server security, which focuses on authorisation methods in accessing information, mechanisms such as password protection, data inscription, biometrics (using fingerprinting) and firewalls.

2) Data and transaction security, which focuses on privacy and confidentiality such as authentication of remote users in online transaction. Threats can be made through either data transaction or network attack, or unauthorized access by means of false or defective authentication.

2.6.5.1 Verification and vendor's supremacy

Belanger et al (2002) note that security measurements are employed because customer information is valuable. They also state:

“For consumers it must be recognised that economic hardship encompasses damages to privacy (loss of information) as well as theft, for example, of credit information and authentication issues for consumers will be reversed; as in whether the web site is ‘real’ rather than the purchaser identity is real”(Beleanger et al, 2002:249).

This definition explains the security threats from a consumer viewpoint as security in B2C is a two-ended feature. At one end, the vendor needs to verify consumers’
identities by gathering their information and at the other end, consumers need to know how a vendor treats their information and even whether a vendor is real or not. In this regard, the consumer position is more vulnerable due to the lack of control over the secondary use of his/her information. In other words, within the online environment, this is vendor that often has a dominant position in terms of having access to consumer information freely (especially after a transaction is completed). This is why Krauter & Kaluscha (2003:788) state: “The Internet merchant is the trustee, the party in whom trust is placed and who has the opportunity to take advantage of the trustor’s vulnerability”.

2.6.5.2 Security and control measurements

Security in B2C e-commerce is influenced by the types of technology and controlling measurements which are used to protect and to keep customer data secure. However, it is important to notice that the concept of security measurements consists of two parts: A) Keeping secure customer information during transaction, when his or her information is passing through electronic channels, B) Keeping customer information secure after processing the transaction.

By using encryption technology, it is possible to perform an almost totally safe transmission of consumer information. However, part B where consumers have no control over their information by any means is somewhat controversial. In other words, the consumer information exists on the server side (e-vendor server or ISP server) which is not under the control of any customer by any means (Belanger et al 2002; Hoffman et al, 1999). Therefore, in an IT-oriented environment, security becomes the subject of a control-oriented entity (Olivero et al, 2004; Drummond, 2003). In this regard, it would be a significant mistake if the human factors risk were to be overlooked in any IT-based infrastructure.

---

6 Internet Service Provider
It is clear that IT is a high-profile component in any e-commerce environment, but the people who are working within this environment should be considered as an important part of the security-risk network. This is why (Drummand, 2003:98) states that:

“IT security rests heavily upon controlling access. In turn controlling access relies upon being able to draw and maintain a clear distinction between authorized and unauthorized personnel. The present study\(^7\) shows how hairlines cracks can develop in controls as authorized personnel may use their authority for illicit purposes”.

Therefore, control over the secondary use of information is one of the consumers’ main concerns (Hoffman et al, 1999; Belanger et al, 2002). In an online environment, lack of trust causes consumers to perceive that Web providers will sell their personal information to third parties without their knowledge or consent (Hoffman et al, 1999). Despite public concerns, what the media focus on is the issue of keeping consumers’ information secure from external attacks, from hackers for example. This is why, “Although media focuses on external attacks, it is recognised that up to 40 percent of IT security-related crime arises from malice or error from staff of the organisation.” (Slay, 2003:99)

Some previous research reveals that online security cannot be achieved simply by relying on the technological aspects of security (for example, Slay, 2003; Tang et al, 2003; Ratnasingham, 1998; Hsiao, 2003). However, most research assesses security in the e-commerce environment only from technical points of view (IT-oriented) and without considering human factors in such an environment (Vaidyanathan & Devaraj, 2003). Consideration of the effects of these factors on the e-environment is a crucial element in establishing safe online trade and security management. In other words, controlling and monitoring the administrative side of online transactions is crucial if these transactions are to be secure and successful (Slay, 2003; Krauter, 2002; Olivero et al, 2004).

\(^7\) The research by Drummand, (2003).
2.6.5.3 Security and privacy

Previous research carried out by Hoffman et al (1999) analysed a sample of 14,014 web users. In their empirical study, 80% (about 11200) of users were from the U.S.A. and 20% (about 2800 web users) were international users from different countries. What makes the study by Hoffman et al (1999) important is that it has provided a deep insight into user behaviour in the context of privacy and security.

According to the study by Hoffman et al (1999), 87% of Web users thought they should have complete control over the demographic information which was elicited by e vendors from the users. Over 71% of web users felt there should be new laws and regulation to protect their privacy. About 21% of Web users like receiving direct mail solicitations, but only 6% of Web users enjoyed to receiving junk e-mail. Nearly 63% of consumers declined to provide personal information to web vendors due to the lack of trust in those who were collecting the data (Hoffman et al, 1999). This is named by Vaidyanathan and Devaraj (2003:355) as “administrative threats”. These threats appear in the forms of password sniffing, data modification, spoofing, and denial (Vaidyanathan and Devaraj, 2003).

These threats cause that, in information gathering by web vendors, customers respond either by withholding (stop giving) their personal data or by giving false data. Nearly 95% of Web users have refused to provide personal information to web sites at one time or another when they were asked, and 40% who have provided demographic data have gone to trouble of fabricating it. In addition, 69% of web users who do not provide data to the web vendors say it is because the sites provide no information on how the data will be used (Hoffman et al, 1999). Surprisingly, 86% of commercial web sites do not give any information of any kind on how information collected will be used (Landesberg et al, 1998). This is why consumers behave towards e-vendors as it was revealed in the study by Hoffman et al (1999).
2.6.6 Perceived Risk

Perceived risk is defined as:

“The degree to which a user feels the uncertainty and adverse consequences of using an online application service in area[s] of financial risk, physical risk, social risk, time-loss risk, opportunity cost risk, and information risk.” (Lu et al, 2005:109)

Here, the word ‘perceived’ not only refers to ‘risk’ but is also used to explain a range of consumer perceived concerns in relation to a web vendor. These concerns can be perceived: security, risk, reputation, size, usefulness and ease of use of the vendor web site (Koufaris and Sosa, 2004).

Consumer perceived concerns are important because they affect consumer decisions to change, hold over (stop), or avoid purchasing from a web vendor (Cox, 1967; Tylor, 1974). In this regard, a perceived privacy risk is more important from a customer standpoint (Hagel & Rayport, 1997; Hinde, 1999). Using technologies such as cookies and related software for gathering and tracking consumers’ information makes consumers concerned about their privacy when they give information to a web vendor. This is because, by using cookies and especially designed software, it is not only possible to collect consumers’ information but also it is possible to monitor their behaviours and preferences without their consent. This is why the perceived privacy risk is one of the most important of consumers’ perceived concerns.

In relation to the perceived privacy risk, previous research reveals that there is a relationship between consumer awareness of information collection by e-vendors and consumer perceived privacy risk (Olivero et al, 2004). This is also associated with consumer risk awareness because information-collection awareness leads to risk awareness in consumers. As a result, “Risk awareness reduces the level of trust and increases the demand for control and rewards complicating the relationship between the [e]retailer and the consumer” (Olivero et al, 2004:243)

Here, the word ‘control’ refers to the ability that enables consumers to decide when, how and to what extent his or her information can be communicated to other parties.
(Westin, 1967). Therefore, there is a shift from a trust-oriented (web vendor-consumer) relationship to a control-based relationship which can prevent risk occurrence. This is because in the market environment, while there is an awareness of the imbalance between risk and power, the interaction between parties in such an environment might not always rely on trust (Olivero et al, 2004).

Considering the above view of information control and risk awareness, Olivero et al (2004) argue that there is no clear picture of how information control is related to the development of trust. In contrast, empirical research performed by Koufaris and Sosa (2004) explains how information control is related to the development of trust. In this regard, a vendor web site can act as a principle tool in reflecting the information control mechanism to a consumer. This results in decreasing the consumer perceived environmental risk and positively affects on perceived security control, which leads to developing initial trust (Koufaris and Sosa, 2004).

2.6.7 Spillover effects

Online Economic Analysis Handbook (2006) defines ‘spillover effects’ as: “a direct effect, either positive or negative, on someone’s profit or welfare arising as a by-product of some other person’s or firm’s activity.” Cambridge Advanced Learners Dictionary (2005:1242) also defines it as: “the effects of an activity which have spread beyond what was originally intended.”

Most online vendors have to interact with customers outside the online environment. Even a pure e-commerce vendor like Amazon.com still delivers products through offline channels. Therefore, offline attributes such as customer service, product delivery and post sale service of an online vendor have important roles for fulfilling a successful transaction. Offline attributes of a vendor affect consumer loyalty to that vendor. In this regard, “at least two offline factors, reputation and quality have a spillover effect on online customer retention” (Vatanasombut et al, 2004:68). Consumer who believes the web vendor has a good reputation will be likely to remain using the online service.

Obviously, reputation is built by the values that a web vendor delivers to a consumer. These can be an effective customer service, or the high quality of product with reasonable price. Through these attributes, a vendor offers complementary values
which are built beyond the online environment of a web vendor. However, Vatanasombut et al (2004:68) state that “online factors are still more critical to online customers than offline factors”.

Noticing that customer service of a vendor has to deal with many cases through offline performance, hence “outstanding customer service for your consumer is one of the most important aspects of any e-commerce”. (Cunningham, 2000:85) Therefore, customer service of a vendor can have a spillover effect. This claim in the study by Cunningham (2000) can challenge the viewpoints of Vatanasombut et al (2004) as they state online factors are more critical for online customers. In the whole process of transaction, the importance of the offline attributes which have spillover effects cannot be overlooked although in some stages of online shopping the online attributes of a vendor might have stronger roles.

Mainly, what makes spillover effects important are their impact on retaining consumers and their loyalty in the long run (Cunningham, 2000). Therefore, the attributes which have spillover effects can positively affect trust sustainability. It should be noted that establishing initial trust for attracting the potential consumer is one aspect, sustaining trust and retaining customers is another. These two aspects are related to each other closely. There is no point in spending considerable effort, time and money in initialising trust and attracting consumers but underestimating the attributes which have a strong effect on sustaining trust and retaining a consumer. This is where spillover effects can act effectively. Offline attributes are not separated from online ones, but they are linked to the online attributes. Therefore, the combination of online and off-line attributes can deliver a satisfactory level of service, product or value to a consumer.

2.7 Summary

In this chapter, the literature and different trends regarding initial trust were identified. Referring to the case study has also provided a realistic scope of initial trust and its components. Moreover, the functionality and mechanism of initial trust components were discussed. Some statistics were also provided for gaining a better understanding of the research topic in terms of its importance and scale.
Chapter 3

Methodology

3.1 Introduction

In this chapter, the methodology used during the course of this study will be discussed. The theoretical framework is explained followed by the research approaches which are discussed in order to justify the chosen methodology for performing the study. Methods of investigation are explained which include literature review, primary study, survey, and interviews. This is followed by sampling and distribution and also ethical issues.

3.2 Theoretical Framework

In the research literature, it is suggested if research questions are well designed, they can strongly affect the methods in a research (Blaxter et al, 1996). Selecting a suitable research method is also determined by noticing the nature of research, whether the study is performed in the denomination of social science, pure science, socio-technical science or other. A good understanding of the research objectives also facilitates selection of a suitable method for performing the study.
3.3 Research Approaches

3.3.1 Deductive verses Inductive

Deductive approach or hypothetico-deductive model is defined by the online Dictionary Labour Law Talk (2005), “the method of scientific progress whereby a hypothesis is tested by generating predictions that may be tested through scientific experiments”. When such a prediction is proven false through the experiments, the theory is rejected and a new hypothesis needs to be established. Following this, the online Encyclopaedia Britannica (2005) defines hypothetico-deductive method as:

“The procedure for the construction of a scientific theory that will account for results obtained through direct observation and experimentation and that will through inference, predict further effects that can then be verified or disproved by empirical evidence derived from other experiments”.

Inductive approach is defined by Thomas (2003:2), “a systematic procedure for analysing qualitative data where the analysis is guided by specific objectives”. Inductive approach tends to find new themes (research questions) from the facts which have existed already, and assess the new findings and whether they can be generalised. This is performed by analysing the empirical data, obtained through data collection. In this regard Cline (2003) quoted in Brown (2003:35) states that an inductive approach enables us to “expand our knowledge about the world in a way that is impossible for deductive argument to achieve”.

This research is an inductive study. This is because, the flexibility and the nature of inductive research enables it to achieve new themes. Inductive study moves from a particular situation to general ideas, as it tends to generalise findings. In contrast, deductive research moves from general ideas to a particular situation and as it goes further becomes more structured. “Inductive approach can be very time-consuming, but the reward might be in terms of arriving at a fresh way of looking at the subject” (Neville, 2005:4).
3.3.2 Quantitative and Qualitative

The choice of using qualitative, quantitative or both methods should depend upon what the research aims to find out (Silverman, 2002). Therefore, the research’s questions, aims and objectives determine which method should be used.

Social science research try to answer two questions: What is happening? And why is it happening? (De Vaus, 1996). The answer to the second question backs up the finding of the first question like the logical relation between cause and effect. This is why social research is interested in identifying the cause and the reason behind any trends related to the social aspects (De Vaus, 1996). Following him, Brown (2003:36) states, “to determine what is happening quantitative data is gathered and analysed. To determine why something is happening qualitative data is gathered”.

3.3.2.1 Quantitative method

Bryman, (1988:12) states:

“Quantitative research is then, a genre which uses a special language which appears to exhibit some similarity to the ways in which scientists talk about how they investigate the natural order, variable, control, measurement [and] experiment”.

Being value-free is also another remarkable attribute of the quantitative approach. This enables the research to analyse the findings objectively as the quantitative method objectively reports reality, whereas the qualitative method can be influenced by the researcher’s values and beliefs (Silverman, 2002).

The theme of initial trust in the online environment is the amalgam of social science and technology-oriented science. It discusses the situation where there is a strong dependency and interaction between human and machine (computer and Internet environment). This causes the study of trust to become a complex subject. This is why Silverman (2002) argues that a dependence on purely quantitative methods may overlook the social and cultural constructions of the ‘variables’ which quantitative research seeks to correlate. For instance, the ‘attitudes’ do not simply attach to the inside of people’s heads and researching them depends on making a whole series of analytical assumptions. This can apply to the variables such as ‘seriousness’ or
‘confidence’ in this research. However, most quantitative researchers argue that they do not aim to achieve scientific laws (such as physics) through running the quantitative method but they simply aim to produce a set of cumulative generalizations based on the critical examination of data (Silverman, 2002).

This research uses the quantitative approach through statistical analysis as a measuring instrument to scale the magnitude of variables. By using this, the study is able to discover not only the variables that participants are concerned about, but also can find to ‘what extent’ participants are concerned about particular variables. Moreover, the quantitative approach is a suitable method for gathering demographic information as well.

### 3.3.2.2 Qualitative method

In definition of qualitative research Gorman and Clayton (2005:3) state:

> “Qualitative research is a process of enquiry that draws data from the context in which events occur, in an attempt to describe these occurrences, as means of determining the process in which events are embedded and the perspectives of those participating in the events, using induction to derive possible explanations based on observed phenomena”.

The key issue here is that the meaning of events, occurrences and interaction can be understood only through the eyes of actual participants in a specific situation.

This study uses the qualitative approach in order to explore the rational behind the quantitative findings. The flexibility of the qualitative approach assists the study in providing a meaning, relation, and logic for each numerical figure.
3.3.3 Value of the mixed method

Gorman and Clayton (2005:12) state that:

“Painting clear distinctions between quantitative and qualitative approaches to research can be misleading, if not downright inaccurate. It should never be assumed that the qualitative approach is inherently superior to the quantitative or vice versa... In a mixed methods study, multiple methodologies are used. Ideally, these will be both qualitative (perhaps both observation and interviews) and quantitative (perhaps descriptive statistics related to specific activities and work performance).”

There are two main reasons which caused this study to choose and use the mixed method:

Firstly, when more than one method is employed different aspects of the study’s question/s, aim/s and objective/s can be investigated. This extends the breadth of the study and also generates the triangulation mechanism. In definition of triangulation, Gorman and Clayton (2005:12, 13) state:

“a procedure for cross-validating information. Triangulation is collecting information from several sources about the same event or behaviour.”

Secondly, by employing different methods this researcher is able to mitigate the weaknesses in each single method. For example, the qualitative paradigm allows the researcher to have detailed understanding of the perspectives of those involved in events. However, it can be vulnerable in terms of data-collecting limitation (for example, number of interviews) and also neutrality of the study. In contrast, the quantitative method can fulfil the neutrality aspect of the study because it is based on numeric statistical analysis and value-free.
3.4 Methods of Investigation

Different methods of collecting data were used in this research: literature review, survey (questionnaire) and semi-structured interview.

3.4.1 Literature review

Literature review is interpreted as the foundation for the other stages of research. This is because it:

- Helps to establish the background of the study
- Relates the research to previous work, views and ideas

Moreover, literature review provides an essential awareness of the topic being researched, helping survey design and interviews. This is why Brown (2003:37) states that “surveying the literature prior to conducting field research is an important and fundamental method for research.”

3.4.2 Primary study

The primary study was conducted for gathering information about online shopping behaviour in the concept of initial trust. Findings at this stage were compared and contrasted with the relevant literature. This facilitated showing the aspects that respondents (consumers) were more concerned about. These caused some redesign to be made to some parts of the survey.
3.4.3 Survey

In this study, the survey was designed to collect quantitative data by using a questionnaire. To some extent the questionnaire was designed in a way to collect qualitative data as well. In support of using a questionnaire, Bath (2005)\(^8\) states their requirements:

- Excellent for collecting quantitative data.
- Can yield an elementary level of qualitative data.
- Reaches a large sample.
- Economical: allows collection of a lot of data.
- Flexible: respondent’s can complete questionnaire in their time.

However, some disadvantages of using a questionnaire appeared during the course of performing the research’s survey: distortion, absence of non-verbal cues and misinterpretation of question (respondent).

The survey was carried out into two formats: HTML codes (online) and a hard copy. By using an online software package [http://freeonlinesurveys.com/](http://freeonlinesurveys.com/) the survey was electronically designed and distributed on the University of Sheffield Intranet. Online distribution is cost effective, fast, and accessible. However, in practice this study experienced some unpredicted issues. For example, the number of responses (online) was less than anticipated, some questions were not answered, and tracking respondents was not possible. It was necessary therefore to distribute questionnaires in person.

3.4.3.1 Questionnaire

A questionnaire is an essential tool for collecting data in many researches. This is why designing a suitable questionnaire is an important part of a research as it assists a researcher in providing useful data (table 3.1). “the essential point is that good research cannot be built on poorly collected data” Gillham (2002:1).

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<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question Types</th>
<th>Information</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Personal factual Question (Demographic)</td>
<td>Age</td>
<td>Check list (Choose only one option)</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Education level</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Computer skills</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Using Internet</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Level of using</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Online purchase</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>Level of purchasing</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Types of products</td>
<td>Check list (Choose one or more options)</td>
</tr>
<tr>
<td>10</td>
<td>Question about online shopping experience</td>
<td>Unpleasant online shopping experience</td>
<td>Check list (Choose only one option)</td>
</tr>
<tr>
<td>11</td>
<td>Question about explaining the most unpleasant online shopping experience</td>
<td>Unpleasant online shopping experience</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Question about consumer behaviour</td>
<td>Consumer reaction to unpleasant online shopping experience</td>
<td>Check list (Choose only one option)</td>
</tr>
<tr>
<td>13</td>
<td>Question about the effect of unpleasant experience on consumer confidence</td>
<td>Consumer trust</td>
<td>Scaled check list (Choose only one option)</td>
</tr>
<tr>
<td>14</td>
<td>Question about the effects of pleasant experience on consumer confidence</td>
<td>Consumers trust</td>
<td>Scaled check list (Choose only one option)</td>
</tr>
<tr>
<td>15</td>
<td>Variables can affect consumer confidence positively</td>
<td>Variables that influence consumer confidence</td>
<td>Scaled matrix</td>
</tr>
<tr>
<td>16</td>
<td>Compromising consumer trust with the price</td>
<td>Compromising trust</td>
<td>Checklist</td>
</tr>
<tr>
<td>17</td>
<td>Damaging consumer confidence</td>
<td>Variables can damage confidence</td>
<td>Scaled matrix</td>
</tr>
<tr>
<td>18</td>
<td>Variables that negatively affect consumer confidence if they are presented with flaws by a vendor</td>
<td>Factors can decrease consumer confidence</td>
<td>Scaled matrix</td>
</tr>
</tbody>
</table>
3.4.4 Interview

In this research, semi-structured interviews were designed as a useful tool to collect qualitative responses. Stone (1984) states the advantages of semi-structured interview as follows:

- The topics of interest to the researcher are likely to be covered.
- Respondents are able to reply in their natural language.
- The interviewer can form questions on topics and ask them in an order which seems to arise naturally from the context.
- When drafting the interview guide, the researchers are likely to have had certain perceptions of the topics. In this type of interview, new perceptions of those topics can be elicited and explored.

There are also some disadvantages with the semi-structured interview which Stone (1984) notes as follows:

- The information gathered is not standardised as questions are asked in different ways. This reduces the comparability of responses.
- The respondent may ramble about some points, leaving less time to cover other points. Different topics may be covered by different respondents.

3.4.5 Distribution and Sampling

The population targeted included both the people who shop online and the people who do not shop online. This is because the study has aimed to explore consumer behaviour towards a web vendor in general (experienced consumers and potentially-new ones). The survey was carried out in the U.K, the University of Sheffield Intranet and the town of Doncaster. Questionnaires were also distributed manually in Doncaster town and the campus of the University of Sheffield. 103 questionnaires (online: 53, and offline: 50) were collected. Analysing the data was performed by using the SPSS (Statistical Package for the Social Sciences). Five semi-structured interviews were performed with respondents. An interview’s sample was selected from the people who had responded to the questionnaires (survey sample). Further sample’s demographic-information with graphs and figures will be presented in Chapter Four (Data Presentation).
3.5 Ethical Issues

One of the issues in this research is anonymity of respondents. In this study, all respondents remained anonymous in accordance with the University of Sheffield research guidelines and the Data Protection Act 1998.

3.6 Summary

This chapter has introduced the methodology used in this study. The theoretical framework and the research approach were introduced. The research approach has explained different methods and justified the one chosen in this study. This was continued by a description of the methods of investigation. The method of investigation included: literature review, primary study, survey, interview, and distribution and sampling. This was followed by clarifying the ethical issues employed in this study.
Chapter 4

Data Presentation & Analysis

4.1 Introduction

This chapter presents and analyses the data collected through the questionnaires. Section two presents the respondents’ demographics and section three presents the respondents’ online shopping behaviours in relation to the aspect of initial trust. Section four examines the set of variables in order to find any association between them. This is followed by section five which presents qualitative data gained from the survey. Finally, a brief clarification regarding interviews is given.

4.2 Demographic Information

4.2.1 Respondents’ demographic information

Questions 1, 2, 3 asked respondents about their ages, genders, and education respectively. The majority of the respondents were aged between 21 and 25 years old (30.1%) (Figure 4.1) and the gender distribution among respondents was more or less balanced: male (52.43%) and female (47.57%) (Figure 4.2). The majority of the respondents were well educated and had further education degrees (60.19%) while a few (1.94%) only had GCSE qualification (Figure 4.3).
Figure 4.1 - Respondents’ age

Figure 4.2 - Respondents’ gender
Figure 4.3 - Respondents’ education

[Diagram showing education levels with the following percentages: GCSE - 60.19%, A level or equivalent - 2.91%, University - 9.71%, Further higher education (e.g., Master, Doctoral degree) - 25.24%.]
4.2.2 Respondents’ computer and Internet skills

It is assumed that individuals’ computer and Internet skills will influence their confidence in online shopping. Question 4, 5, 6 asked respondents to indicate their overall computer and Internet skills. Most of respondents claimed to be experienced users (46.60%), while 28.16% of the respondents regarded themselves as intermediate users (Figure 4.4). The majority of respondents use the Internet as part of every day work (88.35%), whereas only 11.65% of respondents did not use the Internet in this regard (Figure 4.5). It is clear that frequent use of the Internet can generate the higher degree of familiarity with the online environment and affect individuals’ confidence. In this regard and from the people who used the Internet as part of every day work, 79.61% used the Internet every day. In contrast, very few respondents used the Internet rarely (0.97%). There were individuals that used the Internet three or four times a week (5.83%) and also twice a week (1.94%) (Figure 4.6).

Figure 4.4 - Respondents’ computer skills
Figure 4.5 - Using Internet

- Yes: 11.65%
- No: 88.35%

Figure 4.6 - Level of internet usage by respondents

- Every day: 79.61%
- Twice a week: 5.83%
- Three or four times a week: 0.97%
- Very rarely: 1.94%
- No response: 11.65%
4.2.3 Online purchasing

Being an Internet user does not necessarily indicate being an online shopper. This is why questions 7 and 8 asked respondents whether they shopped online, and how often they shopped online. Most respondents reported that they shop online (94.17%), whereas only 5.83% of respondents did not shop online (Figure 4.7). The largest segment of respondents reported that they purchase online dependent on their needs: sometimes frequent and sometimes rarely (37.90%). The second largest portion of respondents claimed that they rarely shop online (25.2%) while 19.4% of respondents regarded themselves as frequent online shoppers. 11.7% of respondents agreed that they regularly shop online (Figure 4.8).

Figure 4.7 - Online purchasing
Figure 4.8 - Level of online purchasing by the respondents

- Regular: 37.90%
- Frequent: 19.40%
- Rarely: 25.20%
- Depends on needs, sometimes frequent and sometimes rarely: 11.70%
- No response: 5.80%
4.2.4 Types of products

With online shopping, it is important to recognize consumers’ preferences in terms of their selections of products and to identify why in the online environment some particular products are purchased more than other products. This helps to identify the particular attributes of the product and also the online environment which encourage consumers to purchase online. In this regard, question 9 asked respondents about the types of products which were purchased by them. A significant portion of respondents reported they purchased books online (68.93%), whereas a small segment of respondents bought groceries online (4.85%). ‘Other products’ such as travel tickets, cosmetics products and so forth were also bought online by respondents (39.81%). A noticeable segment of respondents replied that they purchased ‘CDs and Music’ (37.86%), while 19.42% of them reported that they purchased ‘Clothes’ online. The secondhand items bought by respondents reported as 19.42% (Figure 4.9).

Figure 4.9 - Respondents and types of products which were purchased online
4.3 Online Shopping Behaviour

4.3.1 Pleasant and unpleasant experiences

Consumers’ online shopping experiences can affect their decisions whether to trust a vendor or not. It also affects their confidence and attitudes towards a vendor and shopping online. This is why questions 10, 12 asked respondents whether they had had an unpleasant experience and how this affected their behaviour. 23.30% of respondents replied that they had had an unpleasant online shopping experience and 76.70% of them declared they had not had such an experience (Figure 4.10). The majority of the people who had had an unpleasant experience declared that having such experiences caused them to ‘pay more attention’ to the online transactions (56.52%), while only 8.7% reported that there was no impact on their attitudes towards online shopping at all. 17.39% of the people who had an unpleasant experience responded that unpleasant online shopping stopped them shopping online’ and 17.39% reported that the unpleasant experience caused them to ‘stop shopping with the particular retailer (Figure 4.11).

Figure 4.10 - Unpleasant Experience
4.3.2 Elaborating on unpleasant (negative) experiences

Question 11 is an open question which asked respondents to elaborate on their unpleasant online shopping experiences (23.3%: 23 respondents). Considering the data obtained was qualitative data, they have been presented separately at the end of this chapter.
4.3.3 The Impact of unpleasant (negative) experience on consumer confidence

Question 13 asked respondents how unpleasant online shopping experiences affected their confidence. The majority of those who had unpleasant experiences reported that the affect of a negative online shopping experience was ‘little’ (47.83%). 30.43% of respondents declared they ‘do not trust online retailers easily’ and 13.04% responded that their confidence was affected ‘very little’. A few respondents reported that their confidence was very much affected by unpleasant online shopping and they ‘do not trust online retailers at all’ (4.35%) (Figure 4.12).

Figure 4.12 – The effect of unpleasant (negative) experience on the consumer confidence

Column: Consumer Confidence
4.3.4 The effects of pleasant experiences on the consumer confidence

Question 14 asked respondents how pleasant online shopping experiences affected their confidence. The majority of respondents agreed that their confidence was ‘much affected’ by pleasant online shopping experiences (38.83%). 31.07% of respondents reported that their confidence was ‘very much’ influenced and 17.48% replied that their confidence was affected ‘little’. A few respondents reported that their confidence was influenced ‘very little’ (1.94%) (Figure 4.13).

Figure 4.13 – The effect of pleasant experience on the customer confidence
4.3.5 The importance of the variables affecting consumer confidence

Question 15 asked respondents about the level of importance of variables which affect customer confidence. 18 variables were examined in order to find which are more important from the consumer standpoint (Table 4.1 and Figure 4.14).

Table 4.1 - The importance of the variables which affect customer confidence

<table>
<thead>
<tr>
<th>Variables</th>
<th>Level of importance</th>
<th>(1) Not at all important</th>
<th>(2) Somewhat important</th>
<th>(3) Important</th>
<th>(4) Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Web site of vendor</td>
<td>%</td>
<td>2.9%</td>
<td>25.2%</td>
<td>44.7%</td>
<td>27.2%</td>
</tr>
</tbody>
</table>
b) Terms and conditions| %| 3.9%| 10.7%| 35.0%| 50.5%|
c) Security| %| .0%| 1.0%| 12.6%| 86.4%|
d) Risks associated with the online shopping| %| .0%| 2.9%| 11.7%| 85.4%|
e) Size of vendor| %| 19.4%| 35.9%| 30.1%| 14.6%|
f) The reputation of vendor| %| 3.9%| 16.7%| 45.1%| 34.3%|
g) Information about vendor itself| %| 10.8%| 25.5%| 40.2%| 23.5%|
h) The return policy| %| 1.9%| 17.5%| 44.7%| 35.9%|
i) Covering damage| %| 1.9%| 24.3%| 42.7%| 31.1%|
j) Contact details| %| 1.0%| 13.6%| 36.9%| 48.5%|
k) Telephone number| %| 5.8%| 17.5%| 35.9%| 40.8%|
l) Word of mouth| %| 10.8%| 28.4%| 39.2%| 21.6%|
m) Product information| %| 1.9%| 11.7%| 43.7%| 42.7%|
n) Reliability of vendor| %| .0%| 8.7%| 34.0%| 57.3%|
o) Feedback from other customers| %| 9.7%| 37.9%| 36.9%| 15.5%|
p) Customer service| %| 2.9%| 23.3%| 39.8%| 34.0%|
q) Offline presence of vendor| %| 22.3%| 23.3%| 32.0%| 22.3%|
r) Brand name| %| 15.7%| 28.4%| 34.3%| 21.6%|
Figure 4.14 - The importance of the variables which affect consumer confidence
The majority of respondents considered ‘Security’ and ‘Risks associated with the online shopping’ as ‘very important’ (86.4% and 85.4% respectively). Table 4.2 illustrates the percentages of respondents’ replies to variables categorised as ‘very important’. Table 4.3 shows the percents of respondents’ replies to variables categorised by respondents as ‘important’. ‘Size of company’ (35.9%), and ‘feedback from others’ (37.9%) were categorised by respondents as ‘somewhat important’. The mode importance is presented in Table 4.4. The highlighted variables are those recognised by respondents as ‘very important’.

Table 4.2 - Variables which affect consumer confidence (Very important)

<table>
<thead>
<tr>
<th>Variables</th>
<th>% Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms and conditions</td>
<td>50.5%</td>
</tr>
<tr>
<td>Security</td>
<td>86.4%</td>
</tr>
<tr>
<td>Risks associated with the online shopping</td>
<td>85.4%</td>
</tr>
<tr>
<td>Contact details</td>
<td>48.5%</td>
</tr>
<tr>
<td>Telephone number</td>
<td>40.8%</td>
</tr>
<tr>
<td>Reliability</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

Table 4.3 - Variables which affect consumer confidence (Important)

<table>
<thead>
<tr>
<th>Variables</th>
<th>% Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website of vendor</td>
<td>44.7%</td>
</tr>
<tr>
<td>Reputation</td>
<td>45.1%</td>
</tr>
<tr>
<td>Information about vendor</td>
<td>40.2%</td>
</tr>
<tr>
<td>Return policy</td>
<td>44.7%</td>
</tr>
<tr>
<td>Covering damage</td>
<td>42.7%</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>39.2%</td>
</tr>
<tr>
<td>Product information</td>
<td>43.7%</td>
</tr>
<tr>
<td>Customer service</td>
<td>39.8%</td>
</tr>
<tr>
<td>Offline presence of retailer</td>
<td>32.0%</td>
</tr>
<tr>
<td>Brand name</td>
<td>34.3%</td>
</tr>
</tbody>
</table>
### Table 4.4 - Modal importance of the variables affecting consumer confidence

<table>
<thead>
<tr>
<th>Variables</th>
<th>Modes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Web site of vendor</td>
<td>3 (Important)=44.7%</td>
</tr>
<tr>
<td>b) Terms and conditions</td>
<td>4 (Very important)=50.5%</td>
</tr>
<tr>
<td>c) Security</td>
<td>4 (Very important)=86.4%</td>
</tr>
<tr>
<td>d) Risks associated with online shopping</td>
<td>4 (Very important)=85.4%</td>
</tr>
<tr>
<td>e) Size of vendor</td>
<td>2 (Somewhat important)=35.9%</td>
</tr>
<tr>
<td>f) The reputation of vendor</td>
<td>3 (Important)=45.1%</td>
</tr>
<tr>
<td>g) Information about vendor itself</td>
<td>3 (Important)=40.2%</td>
</tr>
<tr>
<td>h) The return policy</td>
<td>3 (Important)=44.7%</td>
</tr>
<tr>
<td>i) Covering damage</td>
<td>3 (Important)=42.7%</td>
</tr>
<tr>
<td>j) Contact details</td>
<td>4 (Very important)=48.5%</td>
</tr>
<tr>
<td>k) Telephone number</td>
<td>4 (Very important)=40.8%</td>
</tr>
<tr>
<td>l) Word of mouth</td>
<td>3 (Important)=39.2%</td>
</tr>
<tr>
<td>m) Product information</td>
<td>3 (Important)=43.7%</td>
</tr>
<tr>
<td>n) Reliability of vendor</td>
<td>4 (Very important)=57.3%</td>
</tr>
<tr>
<td>o) Feedback from other customers</td>
<td>2 (Somewhat important)=37.9%</td>
</tr>
<tr>
<td>p) Customer service</td>
<td>3 (Important)=39.8%</td>
</tr>
<tr>
<td>q) Offline presence of vendor</td>
<td>3 (Important)=32.0%</td>
</tr>
</tbody>
</table>

**Table 4.4 guide**

1 = Not at all important
2 = Somewhat important
3 = Important
4 = Very important

% = Percent responses
4.3.6 Trust compromising with the price

Question 16 asked respondents whether they would compromise their trust in an online retailer for price. The majority of respondents reported they would not compromise their trust in an online web vendor for price (68.93%). In contrast, 31.07% of respondents declared they would compromise their trust with the price (Figure 4.16).

Figure 4.16 - Trust compromising
4.3.7 Vendor’s behaviour and its damaging effects on consumer confidence

Question 17 asked respondents how seriously their confidence can be damaged by a vendor’s behaviour towards the consumer. The majority of respondents reported that lack of secure transaction can damage their confidence ‘extremely serious’ (69.9%). 55.3% of respondents also declared that breaching privacy and the risk of disclosing their information can also damage their confidence ‘extremely serious’. 50.5% of respondents reported that lack of dependability (integrity and compatibility between the product descriptions and actual product itself) can damage their confidence ‘extremely serious’. Respondents agreed that flaws in delivering products (delay) can ‘very seriously’ damage their confidence (38.8%), whereas 35.9% of them declared that having no pleasant online shopping experience can seriously damage their confidence (Table 4.5 and Figure 4.17).

Table 4.5 - level of damage to consumer confidence

<table>
<thead>
<tr>
<th>Variables</th>
<th>% Responses</th>
<th>(1) Not serious</th>
<th>(2) To some extent serious</th>
<th>(3) Serious</th>
<th>(4) Very serious</th>
<th>(5) Extremely serious</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breaching privacy</td>
<td>%</td>
<td>0.0%</td>
<td>6.8%</td>
<td>17.5%</td>
<td>20.4%</td>
<td>55.3%</td>
</tr>
<tr>
<td>Lack of secure transaction</td>
<td>%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>7.8%</td>
<td>21.4%</td>
<td>69.9%</td>
</tr>
<tr>
<td>Delayed delivery</td>
<td>%</td>
<td>2.9%</td>
<td>5.8%</td>
<td>33.0%</td>
<td>38.8%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Product quality/quantity as they described in the web site</td>
<td>%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>16.5%</td>
<td>32.0%</td>
<td>50.5%</td>
</tr>
<tr>
<td>Having no pleasant experience</td>
<td>%</td>
<td>0.0%</td>
<td>14.6%</td>
<td>35.9%</td>
<td>31.1%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>
Figure 4.17 - Level of damage to consumer confidence

Columns
- Breaching privacy %
- Lack of secure transaction %
- Detailed delivering %
- Product quality/quantity as they described in the web site %
- Having no pleasant experience %
4.3.8 Affect of flawed variables on consumer confidence

The logic behind question 18 is to examine how the inclusion of a flawed variable negatively influences consumer confidence. In question 15 (This chapter, section 4.3.5) the same variables have been examined in terms of their positive effect on consumer confidence consequently, encouraging consumers to purchase online (Situation A). Here, this question asked respondents how 17 variables can negatively affect consumer confidence if the variable has a flaw for example, incomplete contact details (Situation B). Contrasting the responses to these two questions (15 and 18) shows in which situation the weight (importance) of the same variable is greater (Table 4.7 and Figure 4.18).

Table 4.7 - Importance of variables and their flaws which affect consumer confidence negatively

<table>
<thead>
<tr>
<th>Variables</th>
<th>Level of importance</th>
<th>(1) Not at all important</th>
<th>(2) Somewhat important</th>
<th>(3) Important</th>
<th>(4) Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Web site of vendor</td>
<td>%</td>
<td>1.0%</td>
<td>37.9%</td>
<td>43.7%</td>
<td>17.5%</td>
</tr>
<tr>
<td>b) Terms and conditions</td>
<td>%</td>
<td>3.9%</td>
<td>14.6%</td>
<td>47.6%</td>
<td>34.0%</td>
</tr>
<tr>
<td>c) Security</td>
<td>%</td>
<td>.0%</td>
<td>.0%</td>
<td>16.5%</td>
<td>83.5%</td>
</tr>
<tr>
<td>d) Size of vendor</td>
<td>%</td>
<td>23.5%</td>
<td>41.2%</td>
<td>29.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>e) The reputation of vendor</td>
<td>%</td>
<td>5.8%</td>
<td>29.1%</td>
<td>41.7%</td>
<td>23.3%</td>
</tr>
<tr>
<td>f) Information about vendor</td>
<td>%</td>
<td>6.8%</td>
<td>25.2%</td>
<td>47.6%</td>
<td>20.4%</td>
</tr>
<tr>
<td>g) The return policy</td>
<td>%</td>
<td>1.0%</td>
<td>15.5%</td>
<td>43.7%</td>
<td>39.8%</td>
</tr>
<tr>
<td>h) Covering damage</td>
<td>%</td>
<td>1.0%</td>
<td>18.4%</td>
<td>46.6%</td>
<td>34.0%</td>
</tr>
<tr>
<td>i) Contact details</td>
<td>%</td>
<td>2.9%</td>
<td>17.5%</td>
<td>33.0%</td>
<td>46.6%</td>
</tr>
<tr>
<td>j) Telephone number</td>
<td>%</td>
<td>6.8%</td>
<td>16.5%</td>
<td>33.0%</td>
<td>43.7%</td>
</tr>
<tr>
<td>k) Word of mouth</td>
<td>%</td>
<td>2.9%</td>
<td>29.1%</td>
<td>42.7%</td>
<td>25.2%</td>
</tr>
<tr>
<td>l) Product information</td>
<td>%</td>
<td>1.9%</td>
<td>12.6%</td>
<td>51.5%</td>
<td>34.0%</td>
</tr>
<tr>
<td>m) Reliability of vendor</td>
<td>%</td>
<td>2.0%</td>
<td>6.9%</td>
<td>45.1%</td>
<td>46.1%</td>
</tr>
<tr>
<td>n) Feedback from other</td>
<td>%</td>
<td>3.9%</td>
<td>24.3%</td>
<td>43.7%</td>
<td>28.2%</td>
</tr>
<tr>
<td>customers</td>
<td>%</td>
<td>1.0%</td>
<td>18.4%</td>
<td>45.6%</td>
<td>35.0%</td>
</tr>
<tr>
<td>o) Customer service</td>
<td>%</td>
<td>20.4%</td>
<td>27.2%</td>
<td>34.0%</td>
<td>18.4%</td>
</tr>
<tr>
<td>p) Offline presence of vendor</td>
<td>%</td>
<td>18.6%</td>
<td>33.3%</td>
<td>35.3%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>
Figure 4.18 - Importance of variables with flaws which negatively affect consumer confidence

- Web site of vendor
- Terms and conditions
- Security
- Size of vendor
- Reputation
- Information about vendor
- Return policy
- Covering damage
- Contact details
- Telephone number
- Word of mouth
- Feedback from other customer
- Customer service
- Offline presence of vendor
- Brand name
- Product information
- Reliability of vendor

Columns
Respondents reported flaws in the variables below as ‘very important’ in terms of their negative effect on respondent confidence (Table 4.8). Respondents categorised the variables in table 4.9 as ‘important’ with respect to their negative effects on respondent confidence. Only ‘size of company’ was recognised ‘somewhat important’ by respondents (41.2%). Table 4.10 shows the mode importance of variables.

Table 4.8 - Variables were recognised very important by respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>% Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>83.5%</td>
</tr>
<tr>
<td>Contact details</td>
<td>46.6%</td>
</tr>
<tr>
<td>Telephone number</td>
<td>43.7%</td>
</tr>
<tr>
<td>Reliability</td>
<td>46.1%</td>
</tr>
</tbody>
</table>

Table 4.9 - Variables were recognised important by respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>% Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web site design</td>
<td>43.7%</td>
</tr>
<tr>
<td>Term and conditions</td>
<td>47.6%</td>
</tr>
<tr>
<td>Reputation</td>
<td>41.7%</td>
</tr>
<tr>
<td>Information about company</td>
<td>47.6%</td>
</tr>
<tr>
<td>Return policy</td>
<td>43.7%</td>
</tr>
<tr>
<td>Covering damage</td>
<td>46.6%</td>
</tr>
<tr>
<td>WOM (Word Of Mouth)</td>
<td>42.7%</td>
</tr>
<tr>
<td>Product information</td>
<td>51.5%</td>
</tr>
<tr>
<td>Feedback from other consumers</td>
<td>43.7%</td>
</tr>
<tr>
<td>Customer service</td>
<td>45.6%</td>
</tr>
<tr>
<td>Off-line presence of retailer</td>
<td>34.0%</td>
</tr>
<tr>
<td>Brand name</td>
<td>35.3%</td>
</tr>
</tbody>
</table>
Table 4.10 – Modal importance of variables which having flaws in them can negatively affect consumer confidence

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Web site of vendor</td>
<td>3 (Important)=43.7%</td>
</tr>
<tr>
<td>b) Terms and conditions</td>
<td>3(Important)=47.6%</td>
</tr>
<tr>
<td>c) Security</td>
<td>4 (very important)=83.5%</td>
</tr>
<tr>
<td>d) Size of vendor</td>
<td>2(some what important)=41.2%</td>
</tr>
<tr>
<td>e) The reputation of vendor</td>
<td>3(Important)=41.7%</td>
</tr>
<tr>
<td>f) Information about vendor</td>
<td>3(Important)=47.6%</td>
</tr>
<tr>
<td>g) The return policy</td>
<td>3(Important)=43.7%</td>
</tr>
<tr>
<td>h) Covering damage</td>
<td>3(Important)=46.6%</td>
</tr>
<tr>
<td>i) Contact details</td>
<td>4(very important)=46.6%</td>
</tr>
<tr>
<td>j) Telephone number</td>
<td>4(very important)=43.7%</td>
</tr>
<tr>
<td>k) Word of mouth</td>
<td>3(Important)=42.7%</td>
</tr>
<tr>
<td>l) Product information</td>
<td>3(Important)=51.5%</td>
</tr>
<tr>
<td>m) Reliability of vendor</td>
<td>4(very important)=46.1%</td>
</tr>
<tr>
<td>n) Feedback from other customers</td>
<td>3(Important)=43.7%</td>
</tr>
<tr>
<td>o) Customer service</td>
<td>3(Important)=45.6%</td>
</tr>
<tr>
<td>p) Offline presence of vendor</td>
<td>3(Important)=34.0%</td>
</tr>
<tr>
<td>q) Brand name</td>
<td>3(Important)=35.3%</td>
</tr>
</tbody>
</table>

**Table 4.10 guide**

1 = Not important at all
2 = Some what important
3 = Important
4 = Very important
4.4 Chi2 (χ2) Test

By taking careful consideration of quantitative data, the Chi2 test is chosen and performed in order to discover the possible association between variables as follows. Some changes in grouping data have been carried out in order to prepare those data for running Chi2 test.

4.4.1 Respondents’ age and trust compromising (Q1-Q16)

There was not a significant association between age groups and trust compromising with the price. ($\chi^2=1.045; df=2; p=0.593$) (Table 4.11).

<table>
<thead>
<tr>
<th>Respondents Age</th>
<th>Trust compromising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>16-25</td>
<td>12 (11.7%)</td>
<td>23 (22.3%)</td>
</tr>
<tr>
<td>26-35</td>
<td>14 (13.6%)</td>
<td>28 (27.2%)</td>
</tr>
<tr>
<td>36+</td>
<td>6 (5.8%)</td>
<td>20 (19.4%)</td>
</tr>
<tr>
<td>Total</td>
<td>32 (31.1%)</td>
<td>71 (68.9%)</td>
</tr>
</tbody>
</table>

4.4.2 Respondents’ gender and trust compromising (Q2-Q16)

There was not a significant association between gender groups and trust compromising with the price ($\chi^2=0.374; df=1; p=0.449$) (Table 4.12).

<table>
<thead>
<tr>
<th>Respondent Gender</th>
<th>Trust compromising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Female</td>
<td>17 (16.5%)</td>
<td>32 (31.1%)</td>
</tr>
<tr>
<td>Male</td>
<td>15 (14.6%)</td>
<td>39 (37.9%)</td>
</tr>
<tr>
<td>Total</td>
<td>32 (31.1%)</td>
<td>71 (68.9%)</td>
</tr>
</tbody>
</table>
4.4.3 Respondents’ gender and purchasing online (Q2-Q8)

There was not a significant association between gender groups and the level of purchasing products from the Internet. ($\chi^2=0.738; df=1; p=0.39$) (Table 4.13).

Table 4.13 - Respondents’ gender-Level of online purchasing Cross-tabulation

<table>
<thead>
<tr>
<th>Respondent Gender</th>
<th>Level of online purchasing</th>
<th>Count &amp; %</th>
<th>Count &amp; %</th>
<th>Count &amp; %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not frequently</td>
<td>Frequently</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>35 (36.5%)</td>
<td>12 (12.5%)</td>
<td>47 (49%)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>41 (42.7%)</td>
<td>8 (8.3%)</td>
<td>49 (51%)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76 (79.2%)</td>
<td>20 (20.8%)</td>
<td>96 (100%)</td>
<td></td>
</tr>
</tbody>
</table>

4.4.4 Respondents’ gender and size of vendor (Q2-Q15)

There was a significant association between the gender group and the size of vendor. 14 of the 49 women (28.6%) reported that the size of vendor is not at all important whereas only 6 men of the 54 men (11.1%) responded the same. 3 of the 49 women (6.1%) declared that ‘size of vendor’ is very important for them. In contrast, 12 of the 54 men (22.2%) responded the same ($\chi^2=11.424; df=1; p=0.001$) (Table 4.14).

Table 4.14 - Respondent Gender – Size of vendor Cross-tabulation

<table>
<thead>
<tr>
<th>Size of company</th>
<th>Respondent Gender</th>
<th>Count &amp; %</th>
<th>Count &amp; %</th>
<th>Count &amp; %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all important</td>
<td>Female</td>
<td>14 (28.6%)</td>
<td>6 (11.1%)</td>
<td>20 (19.4%)</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>21 (42.9%)</td>
<td>16 (29.6%)</td>
<td>37 (35.9%)</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>Female</td>
<td>11 (22.4%)</td>
<td>20 (37.0%)</td>
<td>31 (30.1%)</td>
</tr>
<tr>
<td>Important</td>
<td>Male</td>
<td>3 (6.1%)</td>
<td>12 (22.2%)</td>
<td>15 (14.6%)</td>
</tr>
<tr>
<td>Very important</td>
<td>Female</td>
<td>49 (100%)</td>
<td>54 (100%)</td>
<td>103 (100%)</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.5 Survey’s Qualitative Data

4.5.1 Respondents’ unpleasant experiences

Question 11 asked respondents who had unpleasant online shopping experiences to elaborate their experiences. 23 respondents had different unpleasant online shopping experiences (23.3%). Quotations are used for highlighting the qualitative data gained from respondents (Table 4.15).

Table 4.15 - Respondents’ unpleasant experiences

<table>
<thead>
<tr>
<th>Themes/Vendors’ attributes</th>
<th>Experience outlines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependability</strong></td>
<td>'Item bought from eBay but it was not as good as expected’</td>
</tr>
<tr>
<td></td>
<td>'I ordered an MP3 player; the quality was not great, they were out of stock of parts which needed to be replaced.'</td>
</tr>
<tr>
<td></td>
<td>'On eBay when the person sent a pirated copy of the software I had bid for and it did not even work'.</td>
</tr>
<tr>
<td><strong>System Integrity</strong></td>
<td>'I received transaction completed confirmation by e mail but when I referred to travel agency (British Airways) I was told that there is a problem with your card and transaction is not completed.'</td>
</tr>
<tr>
<td>(transaction)</td>
<td>'I wanted to buy a flight ticket, my credit card failed and I had to go to the British Airways agent, this cost me £25 more than it would do online’</td>
</tr>
<tr>
<td></td>
<td>‘problems between the vendor and the credit card company’</td>
</tr>
<tr>
<td><strong>Unfriendly website design</strong></td>
<td>'They crash when you make a mistake’</td>
</tr>
<tr>
<td><strong>Fraud/Risk</strong></td>
<td>'Losing money via fraud on eBay (Pay Pal), it was a fraud and I lost £28’</td>
</tr>
<tr>
<td></td>
<td>‘Drawing out more from my credit card’</td>
</tr>
<tr>
<td></td>
<td>‘Declining my credit card’</td>
</tr>
<tr>
<td>Themes/Vendors’ attributes</td>
<td>Experience outlines</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------</td>
</tr>
</tbody>
</table>
| Terms and conditions, Unique policy | • ‘My visa (credit card) was refused by the company’  
• ‘I bought a mobile from Mobilemadness (web site) and it did not show its terms and conditions.’ |
| Return policy | • ‘Furniture that the company refuses to take back even though it was the wrong one’  
• ‘Delay in getting the products returned’ |
| Customer service (Product delivery) | • ‘I ordered shoes online and it took 5 months to receive them. Company would not answer e-mails’  
• ‘Buying and selling with Amazon.co.uk they lie, they don’t care’  
• ‘I bought some stuff and did not receive a receipt therefore, I had to wait and see what would happen. After a couple of weeks I got my stuff but it was not as I thought. What would have happened with something more expensive?’  
• ‘Delivery of my new computer was delayed because of problems between the vendor and the credit card company’  
• ‘I ordered a book I needed urgently from a dealer on the Amazon website. The book didn’t turn up for over a month and the company did not respond to my emails asking for an update on the progress of my order’  
• ‘Delay in getting the products’ |
| Risk of company liquidation and bankruptcy | • ‘I booked car hire online, but the Internet agency went into liquidation so no car was available although money was paid. Outcome: Credit Card Company refunded cash and car booked through another company’ |
| Company/seller identity | • ‘Bought a fake designer dress on eBay’  
• ‘Problems with shady eBay sellers’ |
| Contact details | • ‘The vendor could not be contacted by phone (only e-mail) so it took much longer than necessary to sort out’ |
4.6 Interviews

The questions from the interviews (five interviews) have been transcribed in Appendix B. This is carried out in order to prevent this chapter from being lengthy.

4.7 Summary

In this chapter the results of the study were presented. The data gathered was divided into two sections. Section two represented demographic findings, and section three included the findings which were related to consumer behaviour in the online shopping environment. Section four performed the Chi2 (χ2) test in order to find any association between different variables. Through sections two and three, 17 questions were presented and analysed. Q11 was analysed at the end of the chapter as the findings of this question were qualitative. The questions from the interviews were transcribed in Appendix B.
Chapter 5

Discussion

5.1 Introduction

This chapter discusses the survey results and the qualitative findings obtained through the interviews. The discussion includes the findings of the research and highlights their importance both in their own right and in relation to the existing literature of initial trust in e-commerce. Qualitative data are used and discussed ('italic and within the quotation marks') to support quantitative findings. Consumers’ online shopping experiences and the affect of such experiences on their behaviour towards an e-vendor are discussed. This is followed by discussing the important variables which affect building initial trust in consumers such as price, security, perceived risk, reliability, terms and conditions, and contact details of a vendor. This chapter concluded by discussing the impact of consumer demographics on initial trust, and the initial trust barriers respectively.

5.2 Initial Trust Elements

Trust elements\(^9\) include the variables that significantly affect consumers in terms of building initial trust. These variables can be internal such as consumer experience or external such as an e-vendor security. These elements are presented as the vendor’s attributes and values. These variables and their interactions with consumers are discussed in the following sections.

\(^9\) The term ‘element’ is defined as: ‘*part of something*’ (Cambridge Advance Learner’s Dictionary, 2005:403). The term ‘components’ is also defined as: ‘*a part which combines with other parts to form something bigger*’ (Cambridge Advance Learner’s Dictionary, 2005:251). Previous research used both terms: ‘*component of trust*’ (Teo and Yu, 2005:462) and ‘*trust elements*’ (Pennington et al, 2004:213). These two terms: (‘component of trust’ and ‘trust elements’) both refer to the term ‘variable’ as it is discussed in this chapter (section 5.2).
5.2.1 Experience

This section discusses the impact of experience on consumer behaviour and its influence on the building of initial trust. Consumer experience acts as an internal variable. It also acts in two directions: 1) building trust in a consumer if experience is pleasant, 2) spoiling trust in a consumer if experience is unpleasant. Consumer online shopping experiences have a strong effect on personality-based trust traits: extraversion, neuroticism, agreeableness, conscientiousness, openness to experience and propensity to trust. These traits can be influenced by the experiences that consumers gain. Consequently, a change in these traits can lead a change in the image that consumers gain from a vendor. Following this and in accordance with the image that consumers have gained s/he decides whether to purchase from a vendor or not. Therefore, consumer experience can create both positive and negative images of a vendor.

5.2.1.1 Unpleasant experience

Unpleasant experience can cause a consumer to react towards online shopping in accordance with the negative influence of that experience on his personal traits. In quantitative analysis, 17.39% of the respondents who had unpleasant online shopping experiences declared they will ‘stop shopping online with e-vendors’. 17.39% of the respondents who had unpleasant experiences also reported they will ‘not shop at the particular vendor with whom they had such experiences’. In addition to this, 56.52% of the people who had an unpleasant experience declared the unpleasant experiences make them pay more attention to the online transaction. As one consumer interviewed stated, ‘we have had one bad experience but I just think…and we are lot more careful now’.
This finding supports the effect of personality traits on making decisions in risky situations which was investigated in the study by Olson and Suls (2000). This means that unpleasant experiences can negatively affect consumer personality traits as following:

- Lower consumer ‘extraversion’: the consumer is not likely to trust an e-trailer.
- Lower consumer ‘agreeableness’: the consumer is loses his positive beliefs towards others.
- Lower consumer ‘openness to experience’: the consumer is unlikely to embrace new concepts.

Therefore, consumers will be more cautious in decision-making and also their criteria for assessing and trusting a web vendor will be tougher. As a result, consumers will not trust e-vendors easily. Unpleasant experience can also have a negative effect on ‘trusting intention-willingness to depend’ on the vendor. For example, an interviewed consumer stated, ‘I had a good experience in Internet shopping but if I’ve had a bad experience I would put it off by any means’. In other words, consumers would not like to take any risk at all as consumers do not want to expose themselves even to low level of vulnerability. This finding supports studies by Mayer et al (1995), McKnight et al (2002; 2002a) as they have indicated that trust should exist when a party makes a decision potentially vulnerable to another (for example a web vendor).

Unpleasant experience also affects consumer confidence accordingly. The effect of unpleasant experience on the consumer confidence depends on the severity of the experience. Unpleasant experience may not have a strong effect on the consumer confidence as 47.83% of those who had unpleasant online shopping experience indicted that their confidence was only slightly affected. This happens when the level of risk is low and consumers do not take sufficient precautions as an interviewee stated, ‘if I lose money and know its only small amount of money I don’t really bother with it.’ In other words, consumers take a certain level of risk before purchasing online and accept a certain degree of financial loss if something happens during the transaction with a vendor. However, severe unpleasant experience can cause a significant change in consumer behaviour towards further online shopping. This can
lead consumer to become more cautious and even pessimistic towards e-vendors. In this regard a consumer interviewed stated:

‘Within a few days our card’s [information] has been [mis]used through four states of America at nearly a thousand pounds.’ He continues ‘I had a bad experience a year ago which it really can slow things down ... Its really can slow things down partly because of that when you get your finger burns or when you experience something bad, you don’t want that happen again.’ Now ‘I’m very very [twice!] careful about how [and] who am I giving my details to.’

This is why 30.43% of respondents (who had negative experience) declared that their confidence was greatly (much) damaged and they do not trust online retailers.

5.2.1.2 Pleasant experience

Having pleasant experience can strongly affect the consumer confidence: 38.83% and 31.07% of respondents reported that their confidence was positively affected ‘much’ and ‘very much’ respectively. Pleasant experience has a strong influence on retaining trust and consumer loyalty towards a vendor in particular, as ‘I go back to them ... and continue to buy with them because I have confidence in them.’ (One interviewee stated). This is also because the ‘confidence... builds up already from the past whereas with a new web vendor you have to start from the beginning and build up that confidence with them’ (another interviewee stated). This is why positive experience results in trust sustainability. This happens through mutual interaction between a consumer and a vendor, consequently it leads to building a certain level of familiarity, confidence and trust. The findings of the study at this stage support the study by Cunningham (2000:83); as he states, “Building confidence for your visitors is a good method to improve traffic and loyalty”.

In addition to these, vendor’s dependability and integrity are important components in forming a pleasant experience. For example, an interviewee pointed out that ‘I would return if what I had bought had been as I wanted, if they had a good service, if I hadn’t had to chase it up’. Delivering a ‘good service’ encompasses all the services that a vendor offers to consumers through both the online and offline environments. Collaboration and integrity between the online and offline
performance of a vendor is a key factor in delivering a good service to consumers and builds their confidence. For example, there is no point in providing consumers with an excellent user-friendly interface (online service) while a vendor cannot deliver a product on time (offline service).

Therefore, pleasant experience can not only build consumer confidence but also consumer loyalty. This level of confidence can positively affect building initial trust when consumers return to the same vendor. This causes initial trust towards that vendor to be built much faster and easier. This is why an interviewee stated ‘it is good to have knowledge of the web site that you used before.’ As a result, consumer can save time and search cost and this can be another reason why consumers prefer to return to those vendors which provide the consumers with ‘a good experience’.

5.2.2 Online shopping experience and its other effects

There are indications that the effect of unpleasant experience on the consumer behaviour is stronger than pleasant experience. The impact of unpleasant experience on the consumer behaviour is in accordance with the level of consumer frustration due to their unpleasant experience.

Qualitative findings of the study suggest that consumers who had unpleasant experience would commit themselves to warn others about their unpleasant experience with a particular vendor. They see this as a sense of responsibility and commitment towards friends and relatives. The study findings reveal that consumers tend to express their negative experience to others more than sharing pleasant experience. In this regard, interviewees were asked in which situations they had a stronger motivation to share their experiences with others: A) pleasant experience or B) unpleasant experience. One interviewee responded, ‘the second one, unpleasant online shopping experience, I tell more people. Another interviewee stated, unpleasant, definitely. The third interviewee again responded ‘I would say unpleasant experience I definitely let the others know.’ Whereas, in the case of having pleasant experience, the consumer cannot see any obligation to tell the others about his/her pleasant experience except ‘if its gonna arise through a conversation with people I think you would yes’ (a consumer interviewed stated).
An interesting issue here is why consumers with an unpleasant experience have stronger motivation to share such experience in comparison with those who have pleasant experience. Qualitative findings of this study have revealed the motivation behind such behaviour. For example an interviewee stated:

\[\text{you don't want people who you like, your friends, to experience the same as your experience. Because you are annoyed at that particular vendor you say what I'm going to do with this, I am gonna get as many people not to use this web as I possibly can'}.\]

Another interviewee pointed out ‘you don’t want the company to exploit other people’. It is obvious that these responses directly refer to a sense of commitment and protection towards friends and other people. It also refers to a sense of personal frustration caused by a vendor. Therefore, consumers with unpleasant experience may think that warning others can act as a protective strategy for the network of relatives and friends against being ‘exploited’ by the ‘company’ (vendor). This is why a consumer who was interviewed stated:

\[\text{‘It’s so much like a protection mode...just trying to make sure that this thing’s not gonna happen again...you don’t want the same as happened to them’ also ‘you don’t want people who you like, your friends to experience the same as your experience’}\]

These findings supports the study by Smith (2004:227) as he states:

\[\text{“Unfortunately, negative experiences are what customers generally remember and what stands out to others through word-of-mouth. They are more likely to discuss these types of experiences rather than any good experiences that they may have with the company.”}\]

Consumer behaviour towards unpleasant experience can be supported by:

1) Consumer Frustration 2) Friendship and Commitment.
5.2.2.1 Frustration

Consumer frustration is conceptualised under the ‘Frustration and Aggression Theory’. Frustration is defined as: “a special form of dissatisfaction” (Stauss et al, 2005:229). Freud uses the term ‘frustration’ to describe “unpleasant inner conditions, which primarily emerge when expected rewards are lacking or targeted goals are missed” (Stauss et al, 2005:233).

Frustration can also lead to aggression behaviour (Dollard et al, 1939). In this regard, Berkowitz (1989) quoted in Stauss et al (2005:233) states, “Frustration sensation is thus triggered by frustrating incidents which are the negative experiences of not achieving a goal aimed at or to miss an expected and anticipated reward”. This frustration sensation results in subsequent reactions such as aggressive\(^\text{10}\) protest or avoidance to prevent the re-occurrence of the frustration (Stauss et al, 2005). Therefore, consumer frustration can lead to consumer aggressive-reaction which makes consumer to tell the others in a negative way (Word Of Mouth) about the particular vendor. In this regard, the research finding supports the study by Stauss (2005).

5.2.2.2 Friendship and Commitment

Consumer friendship and commitment towards their relatives and friends is justified by the theory of friendship and commitment. The origin of the friendship and commitment discussion refers to philosophers such as Aristotle who took it for granted that friendship is an essentially moral activity. In friendship, we commit ourselves to another party by giving physical and emotional support (White, 1999).

In addition:

“we also make a commitment to ourselves, insofar as we view our own activity within the friendship as an important and undeniable manifestation of who we are. Our commitment to our friends is one of the first things that opens us up with a strong sense of ourselves as active moral beings” (White, 1999:85)

\(^{10}\) Aggressive reactions include not only physical violence, but also thoughts of revenge, verbal punishment and protests. Speaking negatively about another party (WOM) can be classified as a kind of protest or revenge (depend on the severity of the WOM and the situation) (Stauss et al, 2005).
This is why consumers commit themselves to warn friends, relatives about the risk of trading with a particular vendor. If they say they do not care it will be much worse for them, since this action would be a measure of their own self-loss and immoral behaviour (White, 1999). Now, it is obvious that the sense of self-estimation and self-judgment of ourselves cause a strong moral-commitment towards our relatives, friends and even strangers. This acts as a feature to warn others against a vendor.

5.2.3 Price

Price is one of the attractions of online shopping. This is because of ‘the price [low] and the variety of the price’. Moreover, in the online environment consumer is able to browse and compare online shops and prices much faster than in traditional shopping. In comparison with the traditional shopping, consumer is more likely to find products with cheaper prices. Consumer also likes to ‘shop around to get the best price’. Interestingly it is not all about the price but the ability to ‘compare [different] prices’ which is another advantage of online shopping. These can positively affect consumers’ preferences to buy some particular products online such as book (68.93%).

Although low price is a motivation for the online shoppers, the issue is to what extent consumers can be attracted by the price and do they compromise their trust with the price. This is because low price can also act negatively if it is not in the acceptable range of consumers’ expectations, for example, ‘you know you are gonna be paying five to fifteen pounds for a CD, you know if it is any cheaper than that you get suspicious because you think how can they sell it so cheap’ (an interviewee stated). Therefore, setting a low price might not be a good strategy for attracting consumers because they become suspicious such a cheap price might be faked. Consumers can also be suspicious regarding the quality of products. The study by Pennington et al (2003) found that low price can have a negative effect on the consumers’ perception of the quality of products. This view can be backed up by this study’s findings in relation to the price.

Considering the influence of price on consumer intention to purchase from a web vendor however, 68.93% of the respondents replied they do not compromise their trust with the price. In this regard, consumer intention is to find some kind of assurance and competence in a vendor rather than simply a low price. The assurance
and competence of a vendor assist consumer to find whether a vendor is secure and trustworthy, as they ‘would rather pay more and know that maybe it’s going to be secured’ (an interviewee stated). Vendor competence also helps consumer to be confident of that particular vendor and not to compromise their trust with the price. This is why a consumer interviewed stated:

‘If there were some doubts in my head about the validity of a web site even though something is really cheap I wouldn’t go for it. I would rather pay a little more and be confident about that.’

Therefore, consumers will happily pay more to a trustworthy vendor.

A vendor can be considered as trustworthy if able to convince consumers of their competence for performing business activities in a good and safe manner. The findings of the study suggest that the validity of a ‘vendor web site’ and the ‘vendor security’ are the components which can build up trust in consumers. These components are regarded as attributes to vendor competence and ability to perform a secure transaction. However, it should be noted that vendor’s security and web site validity are not the only attributes of a vendor which indicate competence and ability. Consumers prioritise and select particular attributes of a vendor in accordance with their needs and preferences. For example, for some consumers the reputation or size of a vendor can determine their preferences as they ‘like to use site that [they have] heard of that it is reputable’ ‘like a big company’. The findings of the study at this stage support the research by McKnight et al (2002) as their research revealed consumers’ perceptions of competence, benevolence and integrity of a vendor can affect the building of initial trust.

Thus far, the discussion in this section has shown that most consumers (68.93%) do not like to compromise their trust with the price. The reasons and motivations behind such decisions have also been discussed. However, there are also ‘some sort of exceptional’ situations in which consumers do compromise their trust with the price. They take the risk to a certain degree in order to get an exceptional bargain. If the transaction is successful, that is an advantage otherwise, the consumers would not be concerned about losing that expected amount of money.
For example, an interviewee stated:

‘I would compromise my trust if the price doesn’t matter, so if I lost £10 probably in a holiday package to Jamaica, something like that...you say, well I don’t think this is gonna go off just in the case of a £10, may be they send a ticket for Jamaica, brilliant!’

However, if the consumers realise that price does matter and the level of risk is high, they are unlikely to compromise trust with the price. The study by McKnight et al (2002) explains this type of consumer behaviour by the concept of ‘trusting intentions-willingness to depend’ (that is, a decision to make oneself vulnerable to the vendor). In this case, it means that the consumer (interviewed above) would take a risk up to £10 and make him/herself vulnerable to the vendor to that amount. Therefore if the risk is more than £10, s/he would not compromise his (her) trust with the price. This finding supports the studies by (Mayer et al, 1995; McKnight et al, 2002; McKnight et al, 2002a) that in the trust situation one party makes him or herself to some extent (limited) dependent and vulnerable to another party.

5.2.4 Security

Security in the online environment implies not only keeping consumer information safe but also satisfying the whole transaction process from buying the product online to delivering it to consumers. Therefore, insecure transaction processes can take place, for example if ‘you might not get what you think you are getting’ or ‘you might not get anything at all’ (an interviewee stated). The research findings, both quantitative and qualitative indicate that security is one of the most important consumer concerns. The study by Hoffman et al (1999) indicated security as one of the major concerns in online environment. This view is backed up by the current study’s findings as 86.4% of respondents reported that security is a ‘very important’ variable in terms of its effect on consumers’ confidence. 83.5% of respondents also declared that any flaw in security issues can negatively affect their confidence and generate distrust. Overlooking the security issues can lead to consumer frustration and unpleasant experience occurrence.
Of respondents’ unpleasant experiences (23.30%: 23 people), only four negative experiences referred to misusing consumers’ information during the transaction and the other unpleasant experiences were related to a flaw in other attributes of a vendor such as flaw in: dependability, integrity, product delivery and customer service. These flaws negatively affect transaction security as they can cause transactions not to be completed securely and successfully.

The subject of security is involved with different phases of a transaction such as searching for a product, giving personal and payment information to a vendor and delivering a product by the vendor. However, the research findings have revealed that there is a general concern regarding the consumer payment information: especially when they fill in the payment form on the web. This is because ‘I am wondering can anybody else get access to this [information], is this secure (a consumer interviewed stated). Another interviewee stated:

‘I always worry about it just because fraud does exist and you never eliminate it. It will always happen and the web is a perfect place for that to happen. So, putting your card details, your personal details, you have to put every thing in there to confirm the purchase, your credit card number... [and] sort code of your card. So, you are giving the web site every thing that someone else would need to use your card. So, it is worrying, which is why you need that the element of trust covers it.’

This finding backs up the claim that “security is a major deterrent to online shopping” (Hoffman et al, 1999:80). For example, in transmitting consumer information from his (her) PC to the vendor server ‘your information travelling across you don’t know who can tap into them’ (an interviewee stated).

Consumer concern about the online security is not only about the security of the electronic channel but it is also about business side (administrative side) of a transaction as well.
The possibility of misusing consumer information when it has settled on the business server side is another consumer concern as a consumer interviewed stated:

‘When a web site has your details, yes, that’s worrying because obviously something like eBay, you have to put your details to be able to buy something. If you think about the actual number of users and the number of accounts on there, any one who could have access to that, could literally have access to millions of people’s accounts. Theoretically, that could happen, could be happening right now. So I think this is worrying when big sites like eBay have so much information that could be used, misused.’

Previous research has indicated that overlooking security issues and administrative security risk at the ‘business side’ can negatively affect consumers’ perceived security risk (for example, Slay, 2003; Krauter, 2002; Olivero et al, 2004; Vaidyanathan and Devaraj, 2003). This is because consumers do not have any control over the information they gave to a vendor. This view is backed up by the findings of the current research.

Considering the qualitative data of this study, consumers are concerned about how a vendor treats their information. Surprisingly, the study by Landesberg et al (1998) revealed that 86% of commercial web sites do not give any information of any kind on how collected information will be used. This causes consumers to mistrust that vendor if the security policy is not clear on a web site. In this regard, a consumer interviewed stated: ‘If there is no indication that they [web vendors] have a security policy, also if something isn’t recognised well … if that isn’t available on there, I will be very worried about putting anything there at all.’

Consumers can also be more concerned about security issues if they are new to online shopping. In this situation, information about the vendor and the web site content are important as consumers try to find out more about how secure the vendor is. At this stage, consumers not only want to see the security statement of a vendor but they probably look for third party approval (seal of approval) for that web vendor. One consumer claimed to feel more secure ‘where you get a little icon at the bottom [seal of approval] says that they are secure for the payment of credit card’s details’.
Therefore, the role of security for a vendor becomes more vital in attracting and dealing with new consumers.

5.2.5 Perceived risk in online shopping

In traditional shopping, consumer knows to whom s/he should refer if something unpleasant has happened. Therefore, what consumer is faced is the actual risk (for example, broken parts) rather than perceived risk. In other words, consumer takes the risk after buying the product. This is because s/he or can see, touch and check the attributes of the product (quality, price and so forth) before buying it, hence there is no risk-taking at this stage. In contrast, with online shopping there is no face to face contact, and no touching or examining the product. In such a situation consumer understanding of the product is based on what s/he can read and see: through the web site of a vendor. As a result, consumers have to take the risk before buying the product. Therefore, they can make decisions to purchase based on their perceived risk towards the whole transaction process. This is because “in decision making such as purchasing, the concept of risk is often critical. Specifically, online transactions involve more perceived risk than traditional, face to face transaction.” (Lu et al, 2005:107)

Consumers’ perceived risk lead them to expect a vendor to employ an appropriate risk mitigation strategy. Perceived risk also causes consumers to perform risk protecting behaviour themselves. For example, a consumer interviewed stated,

‘I would have never used a card online shopping if I’ve lots of money in that account, ... the card that I used is one in which I keep a small amount of money..... if I had £20,000 [in an account], I wouldn’t use that account online probably, but if I know its only small amount of money I don’t really bother.’

In the online shopping environment, consumers’ responses to the risk depend on the importance and severity of the risk. For example, this risk can be: ‘you might not get what you think you are getting .... or you might not get anything at all’ (a consumer interviewed). Although, before starting shopping online consumers expect some level of risk in online shopping, 85.4% of respondents considered that online shopping risk can strongly affect consumer confidence. As a result, consumers’
willingness to make themselves dependent on a vendor is based on the level of risk that they expected already. This finding supports what the studies by McKnight et al (2002; 2002a) described as ‘trusting intention-willingness to depend’ which is a component of initial trust.

The study findings also revealed that 69.9% of respondents declared that ‘lack of security in transactions’ can cause ‘extremely serious damage’ to their confidence. 55.3% of respondents reported that ‘breaching privacy by a vendor’ will damage their confidence ‘extremely seriously’. 50.5% responded ‘lack in dependability of a vendor will also damage their confidence ‘extremely seriously’. These reveal that consumers are more concerned about the types of perceived risk which are financial-related. This is why the most quoted consumers (interviewees) concern is ‘about credit card details’.

Perceived risk which refer to the consumer financial status are important because financial loss can happen fast and have significant negative effects on a consumer. In addition, in many cases, financial loss might not be recovered, for example, money taken out from consumer’s bank account by unlawful access to the account whether online or offline. As one consumer interviewed stated, “within a few days our card has been used [misused] through four states in the office of America losing nearly a thousand pounds.” This is why a young consumer couple interviewed stated “I just think...and we are a lot more careful now about which site we use and only use like credit card instead of switch card.’ This is because there is a possibility to recover financial loss through credit companies if a consumer uses a credit card for online shopping.
5.2.6 Reliability

The word ‘reliability’ comes from the term ‘reliable’. The Cambridge Advanced Learners Dictionary (2005:1070) defines ‘reliable’ as: “something or someone that is reliable can be trusted or believed because they work or behave well in the way you expect.” Ratnasingham (1998:314) states that in e-commerce “reliability refers to positive trust that is shown in the consistency and assurance between what a trading partner says and actually does”. With regard to the initial trust, it is also argued by Belanger et al (2002) that reliability can refer to the ability of a vendor in fulfilling consumer needs and expectations.

The study findings show that from the consumers’ standpoint (57.3%) reliability is a very important component in building trust and also as a vendor attribute. “Reliability and dependability can be ascertained over time and are usually needed for trust relationship to develop” (Ridings et al, 2002:277). Therefore, with initial trust, the lack of previous experience with a new vendor becomes an issue for the consumers. This is also an issue for new e-vendors: how to convince consumers of their reliability. This is because at the initial trust building phase, evaluation of the vendor’s reliability is formed based on the information that is available for the consumers (mainly through the vendor’s web site).

The study findings also revealed that amongst consumers, there is a vague perception about the ‘reliability’ of a vendor. Consumers assume a vendor with good security and risk protection policies can be a reliable vendor. For example, a consumer interviewed stated:

'[Reliability] is not something I would consider in great depth but I would always check for the basic security measures before buying from a website. It is important that they appear to have security measures in place and they will guarantee they will rectify any problems that occur with an order for example. If the site does not seem secure or I have a problem with it I will not use it.'

The above consumer viewpoint reveals that among a range of attributes which can demonstrate a vendor’s reliability, the security and the risk-protection safeguards of a vendor are significant for consumers. This can be due to the consumers’ sensitivity
regarding their financial information and the impact of financial loss on them. Previous research also considered security as one of the important variables for demonstrating a vendor’s reliability, although other variables such as dependability were mentioned in those studies (for example, Ratnasingham, 1998; Riegelsberger et al, 2005). This view can be backed up by this study’s findings at this stage.

Some other attributes of a vendor can also demonstrate a vendor’s reliability such as reputation and size of company, as consumers like to ‘look at [company] reputation, its size, its authenticity and its popularity [whether] the vendor is a reputable, well-known, huge and popular company’ (interviewees stated). These show that consumers’ preferences for the attributes of a vendor which indicate a vendor’s reliability can be different.

5.2.7 Terms and conditions

The terms and conditions of a vendor is mainly a legal statement that encompasses the vendor’s policy towards consumers. It can include different procedures such as payments, guarantees, liabilities, responsibilities and so forth. It also can be conceptualized under the title of ‘user agreement’. What makes the terms and conditions of a vendor important are its legal status, as it is a legal agreement between a vendor and a consumer. Therefore, the terms and conditions of a vendor would certainly be referred to if a dispute happened between a vendor and a consumer (from the buying phase to the post sell service).

Although some previous research has mentioned the terms and conditions (for example, Riegelsberger et al, 2005; Teo and Yu, 2005), this attribute has not received much attention. The study findings revealed that consumers consider the terms and conditions of a vendor ‘very important’ (50.5%) in terms of building confidence in them. However, most people do not pay attention to it carefully and often they just ‘skim it’ or ‘never read terms and conditions’. Consumers ‘know [that] it would be dangerous sometimes’ if they do not pay attention to the terms and conditions statement, especially in the case of any legal dispute between consumers and a vendor. On many occasions, consumers ‘don’t read them at all’ or ‘just accept them’ because, ‘this stuff is most of the time very long and technical and too boring to be read.’ and ‘It is also complicated’.
Another reason for such behaviour is that many consumers are ‘too busy to read them.’ They refer to terms and conditions when looking for their preferences, and without reading it carefully. For example, some consumers want to know the guarantee of security and ‘without it [they are] not confident about using it’ or they want to know whether ‘they seem to provide a good-after sales assistance.’

Overlooking the terms and conditions set by a vendor exposes consumers to potential risks, especially legal risk. This is because the layout and the content of the terms and conditions can be in favour of the vendor (Conzalez, 2004). The fact that consumers often sign the terms and conditions statement (user agreement) without examining it carefully, gives the vendor an advantage. For example, one consumer found a problem by buying ‘a mobile from Mobilemadness [web site] and it did not cover its terms and conditions.’ (Questionnaire respondent) Another consumer mentioned that s/he bought furniture from a company but ‘the company refuses to take [furniture] back even though it was the wrong one’ (Questionnaire respondent). These examples reveal that how consumers expose themselves to such risks. In situations like these, a vendor often responds that these things are already mentioned in the terms and conditions (user agreement) and the consumer has signed and accepted it. Therefore, the vendor would not be liable as the consumer’s problem is beyond the terms and conditions in the user agreement (Conzalez, 2004). These findings support the research performed by (Conzalez, 2004) in the concept of vendor’s legal integrity and liability towards a consumer (PayPal law case).
5.2.8 Contact details

In the online environment, a consumer may not need to refer to a vendor’s address or telephone number and to contact them (even after buying a product) but the indication of physical presence of a vendor is an important encouragement for a consumer. One of the important functions of the contact details of a vendor is to demonstrate the physical presence of a vendor in the real world. This plays a part as a risk reliever because consumers know to whom they should refer to if they have any inquiry.

In terms of building confidence in consumers, the study found that ‘contact details’ and especially ‘telephone number’ of a web vendor are considered ‘very important’ by consumers (48.5% and 40.8%) respectively. For example, a consumer interviewed stated, ‘I have often liked to contact them by e-mail beforehand to check out things! Sometimes, I also do it for the web site so that I experience them for the first time.’ Consumers tend to look for some kind of assurance that the vendor is real. They might also need to know some specifications of the product. Therefore, even by implementing the best web site design, it can always happen that a consumer might not find what s/he is looking for in a vendor’s web site. As a result, s/he may need to contact to the vendor to obtain an appropriate response with regard to his/her inquiry. An interviewed consumer stated, ‘I would like to be able to contact them... If you can contact telephone especially, I have contacted them first to ask a set of questions.’

The above situation is not the only scenario which indicates the importance of contact details. Consumer expectation is not limited simply by a contact e-mail but s/he needs to know where is this vendor and who are they, as one consumer interviewed stated,

‘I prefer telephone conversation ... I mean actually people, to actually explain yourself rather than put it down in writing and then someone else interpreting it where with a telephone conversation you can actually dialogue with someone, you can actually work through whatever a problem is’.
These reveal that in online shopping, the value of the contact details for consumers is much more than simply an address, telephone number or an e mail. Contact details are the strong indications of physical presence of a vendor in the real world for consumers. Moreover, it indicates that the people who work at the business side are so confident about themselves and their business that they are open and eager to assist consumers. As a result, this can be interpreted as a sign of vendor’s responsibility and commitment towards consumers. A vendor’s commitment and responsibility towards consumers are important signs of vendor’s competence and benevolence which positively affect the building initial trust in consumers. These findings back up the studies by McKnight et al (2002, 2002a) in the concept of trust in a vendor, vendor’s competence and benevolence towards consumers. These have been conceptualised under ‘trusting beliefs’ as a proxy for initial trust building (Kim and Tadisina, 2005). Building trusting beliefs depends on three components: benevolence, integrity and competence. These three components of trusting beliefs can appear as a vendor’s attributes.

5.3 The Effect of Consumer Demographic Attributes on Initial Trust

The study’s findings have suggested consumers’ demographic attributes can affect their confidence consequently building initial trust. It has been demonstrated in Chapter 4 (section 4.4.4) that there is a significant association between gender (males) and the size of the vendor. The variable ‘size of the vendor’ is much more important for men in terms of building confidence in them compared with women. In other words, the larger the size of a vendor the more inclined men are to trust it. Therefore, it can be concluded, there are some variables which are more important for men compared with the women and vice versa. This could be due to the effect of demographic attributes on the consumer personal traits consequently consumer preferences.

Understanding consumer demographic attributes such as age and gender is important, because there are vendors where the majority of their consumers consist of either men or women, it depends on the types of product, for example, cosmetic products.
In such situations, it is vital for a company to be aware of consumer preferences in terms of building confidence and consequently trust in them. This is because the pattern of initialising trust can be changed due to the gender’s desires, values, preferences, expectations. The study’s finding support this view (Chapter 4, section 4.4.4).

5.4 Trust Barriers

The study’s findings reveal that the variables which can build trust can also generate distrust and act as a trust barriers if they are presented poorly (table 5.1). However, their weights (importance) can be different in the two situations of building trust and generating distrust.

Table 5.1—Comparison of the level of importance of variables: in trust and distrust situations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Building trust % level of importance</th>
<th>Generating distrust % level of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of Vendor</td>
<td>35.9% (Somewhat important)</td>
<td>41.2% (Somewhat important)</td>
</tr>
<tr>
<td>Security</td>
<td>86.4% (Very important)</td>
<td>83.5% (Very important)</td>
</tr>
<tr>
<td>Information about vendor</td>
<td>40.2% (Important)</td>
<td>47.6% (Important)</td>
</tr>
<tr>
<td>Covering damage</td>
<td>42.7% (Important)</td>
<td>46.6% (Important)</td>
</tr>
<tr>
<td>Telephone number</td>
<td>35.9% (Important)</td>
<td>43.7% (Very important)</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>39.2% (Important)</td>
<td>42.7% (Important)</td>
</tr>
<tr>
<td>Product information</td>
<td>43.7% (Important)</td>
<td>51.5% (Important)</td>
</tr>
<tr>
<td>Feedback from other consumers</td>
<td>37.9% (Somewhat important)</td>
<td>43.7% (Important)</td>
</tr>
<tr>
<td>Customer service</td>
<td>39.8% (Important)</td>
<td>45.6% (Important)</td>
</tr>
<tr>
<td>Offline presence of retailer</td>
<td>32.0% (important)</td>
<td>34.0% (Important)</td>
</tr>
<tr>
<td>Brand name</td>
<td>34.3% (Important)</td>
<td>35.3 % (Important)</td>
</tr>
</tbody>
</table>
In defining distrust, McKnight et al (2002:306) state that, “Researchers now believe that distrust is not just a lower level of trust, but its opposite”. Although distrust construction affects the building of trust, this has not received as much attention from previous research as it should (for example, McKnight et al, 2002; IJIS Editorial, 2002; Koufaris and Sosa, 2004; Kim and Prabhakar, 2000). This is why McKnight et al (2002:316) state that “the role of distrust construct in trust building should be explored.”

The study by McKnight et al (2002) refers to the variable of ‘web risk perceptions’ as an institutional distrust variable. “This is probably because web risk reflects an emotion-based fear of harm on the web that is not reflected in structural assurance” McKnight et al (2002:315). This can be one of the reasons why some variables in this study (table 5.1) have a greater potential in generating distrust rather than building trust. In this regard, the study’s findings at this stage back up what the research by McKnight et al (2002) concluded. However, acting as a ‘distrust variable’ is something which depends on a variable itself and may not be based on ‘structural assurance’. In other words, it is possible that even the variables which reflect the structural assurance can also generate distrust. For example, a variable like ‘covering damage’ (guarantees) often is considered as one of the attributes of ‘structural assurance (42.7%: table 5.1), but if this variable does not meet the consumers’ expectation, then it acts as a distrust variable with a greater weight (46.6%: table 5.1).

Considering the above discussion about trust barriers, building trust or generating distrust depends on how well or poorly variables are presented by a vendor. Moreover, it is possible that a variable may not be considered very important in building trust but its failure can significantly generate distrust. This is because the level of importance (weight) of these variables in two situations of creating trust and generating distrust can be different. For example, ‘positive feedback’ was categorised by consumers as ‘somewhat important’ in building trust (37.9%). In contrast, consumers classified ‘negative feedback’ as ‘important’ in generating distrust (43.7%). This results in creating the higher degree of “distrusting beliefs” in consumers (Hsiao, 2003:175).
5.5 Summary

In this chapter, the data presented in Chapter Four and qualitative data gained through interviews are analysed and discussed. This is carried out in order to discovering new concepts in relation to initial trust. The qualitative data is used to support the quantitative findings, and to find the rational behind consumer behaviour. Although, a variety of variables and concepts were provided in previous chapters, the most significant ones are discussed in this Discussion Chapter.
Chapter 6

Conclusion

6.1 Introduction

This chapter encompasses the major findings of the research. The aim and objectives are presented and the extent to which they have been fulfilled will be evaluated. The recommendations of the study which focuses on the design of e-commerce web sites are discussed and weighed up. Finally limitations of the research are highlighted and suggestions for future studies are made. Qualitative data are also used (italic and within the quotation marks) for supporting and justifying the recommendations.

6.2 Aim and Objectives

6.2.1 Aim

The aim of the research was to:

Investigate the impact of initial trust on consumer behaviour

To achieve this aim, it was not realistic to directly assess and explore consumer behaviour in the online environment, as initial trust is a variable which depends on other variables. Therefore, understanding consumer behaviour towards each variable could help to fulfil the research’s aim. This was achieved by meeting the research’s objectives as outlined below.

6.2.2 Objectives

In order to fulfil the research aim, a series of specific objectives were developed. The following section recaps each objective and discusses whether they have been satisfied.
1. To establish a background knowledge of initial trust by investigating related literature, trends and case studies.

The literature review (Chapter 2) provides the background knowledge by examining different trends and aspects in relation to the initial trust. In addition, referring to a real case study creates a more realistic view of initial trust and its different aspects.

2. To identify the elements of initial trust

3. To identify the barriers to building initial trust

Objectives (2, 3) were investigated by running the survey and interviews. The data obtained were also analysed and discussed through Chapters Four and Five. This satisfies these objectives. It should be noted that it was impossible to study all the initial trust elements and barriers in a sole study but it was possible to prioritise and explore some of them in accordance with their importance from the consumer standpoint. This was also carried out in order to satisfying the objectives mentioned.

4. To examine the effect of initial trust on consumer behaviour in online environment

An examination of different variables and their effects on building initial trust in consumers was carried out through the survey and interviews. In the Discussion Chapter, the quantitative and qualitative analyses of the data obtained are developed. Identifying the relations between consumer behaviour, variables and the initial trust and also examining them in Chapters Four and Five achieves this objective (4).

5. To recommend the guidelines for designing e-commerce websites.

The implications of the study are discussed in this chapter. The recommendations of the study also outline how e-vendors can build a trustworthy e-commerce website. These guidelines are drawn and analysed from the quantitative and qualitative data.
6.3 Conclusions

The findings of this study revealed that initial trust has a definite impact on consumer behaviour in online shopping. Consumers were asked about their online shopping experiences. They were also asked for the variables that affect their confidence, consequently their trust, and then asked how these variables affect consumer trust towards a vendor.

Different variables were examined in terms of building initial trust in a consumer; some of them were identified as internal variables which depended on consumer characteristics and some of them as external variables which depended on the online environment. Consumer behaviour towards some variables was different and depended on the consumer preferences. However, some variables were recognised as very important by consumer such as the security of the vendor.

Some interesting results were found in relation to the variables which are associated with building trust. The most common consumers’ concerns were the security and the risks associated with the online shopping environment. However, there were some other variables that consumers were concerned about such as reliability, contact details and the terms and conditions of a web vendor.

The study finding revealed that even in the online environment consumers do like to see some offline indications that a vendor exist in the offline world such as the address and the telephone number. This helps the vendor to appear more real as consumers tend to see the real presence of a web vendor rather than a virtual presence. This also made building initial trust in consumers much easier.

Variables associated in building initial trust could cause distrust as well if they were presented poorly. However, the weight of the same variable could be varied in the two situations of building trust and generating distrust due to consumer perceptions and preferences. The study’s finding revealed that there are some variables with a greater weight in causing distrust if there is flaw in them such as ‘poorly presented product information’.
6.4 Recommendations

In this section, the study aims to provide guidelines for designing e-commerce web site by focusing on the attributes of a web site that can facilitate building trust in consumers. This is mainly because at the stage of building initial trust the web site of a vendor can influence consumer confidence significantly. These guidelines are elicited from the study’s findings in Chapter 4 and 5 and also from qualitative data gained.

Designing a web site may seem easy, but designing a useful and trustworthy e-commerce web site is a real challenge for any web-based vendor. Therefore, before designing any e-commerce web site, a vendor may need to employ a set of guidelines for building the foundation for the vendor’s web site. The reasons for recommending these guidelines are discussed below.

6.4.1 Business awareness

Vendors should be well aware of the type of business that they want to set up. This can help them to identify strengths and weaknesses aspects of the business. This assists vendors to identify the values they offer to consumers. Therefore, vendors are able to choose which type of web site content they might need to present. The vendor also needs to identify and estimate the resources (internal and external), needed for conducting the business successfully. These can provide a basic idea of what the vendor’s web site should like.

6.4.2 Identifying targeted consumers

It is important for a vendor to identify which consumers to target. Understanding consumers helps the vendor to identify their needs and preferences, and consequently, to design a web site in accordance with the consumers’ expectations, needs and preferences. For example, a web site which targets academics or professionals should be different from a vendor which targets people in general. Consumers’ preferences and expectations towards a vendor can depend on their gender, age socio-economical status (class), education, culture, profession, experiences and so forth. These can provide the vendor with an idea of which types of content (website content) should be used and implemented.
6.4.3 Technology awareness

An awareness of various technologies and their applications for building a useful and trustworthy web site is essential for any e-vendor. This is especially significant at the stage of designing security aspects, navigation, and the layout of the site.

6.4.4 Web site evaluation

An evaluation of the web site needs to be considered by the vendor before running it. This is so any flaws can be identified and removed.

6.5 How to Build a Trustworthy Web Site

Thus far, the recommendations suggested were mainly based on a set of guidelines for building a useful web site. In this section, guidelines are considered not only for usefulness but also trustworthiness of a vendor’s web site.

The findings of this study have provided us with information which needs to be employed in a vendor’s web site. For designing the trustworthy e-commerce web site, the study at this stage aims to set up extended versions of TAM (Technology Acceptance Model) and TRA (Theory of Reasoned Action). These two models justify the study’s recommendations and also the reliability of implications.

6.5.1 TAM and TRA

TAM has been recognised as a model for developing consumer behaviours towards a web vendor by using technology (Koufaris and Sosa, 2002). The two main beliefs variables of TAM are Perceived Usefulness (PU) and Perceived Ease of Use (PEU) and other perceived variables gradually have been added to the original version of TAM (Lu et al, 2005; Koufaris and Sosa, 2002). TAM mainly deals with the technology-oriented aspects of building trust. PU and PEU determine the formation of consumer behaviour towards a vendor. Effective navigation, high quality pictures, shortened download time and search ability of a web site can positively affect consumer trust towards a vendor. However, in terms of the belief-oriented aspects of trust TAM does not provide clear guidelines. This is why Lu et al (2005:108) state, “We believe that the original TAM should be considered with more belief-related variables.”
In contrast, TRA effectively plays a part at this stage. This is because TRA mainly deals with belief-oriented variables of trust such as the benevolence and integrity of a vendor. This has been described as ‘trusting in a vendor’ in the study by McKnight et al (2002). Therefore, the technical-related parts of this study’s (current study) guidelines can be conceptualised under the TAM, and the belief-related parts of the guidelines can be conceptualised under the TRA.

6.5.2 Experience

The implications of the study’s findings in relation to consumer experience are important for e-vendors, especially newcomers. Performing all aspects of a business properly will result in a pleasant experience for the consumer. This helps the vendor to build a brand name and reputation. Pleasant experience plays a part in two ways: 1) creating a positive WOM (reputation and a brand name) which makes building initial trust easier 2) trust sustainability and consumer loyalty.

In online shopping consumers who have no previous experience with a vendor, in particular, refer to others’ experience (through WOM and feedback). For example, an interviewee stated ‘I like to use a site that I have heard of that it is reputable.’ and another consumer interviewed pointed out that ‘I would go for it if I had heard of it initially. I wouldn’t go for a random one that I have never heard of.’ This creates trust sustainability not only for the experienced consumer but also for inexperienced or new consumer as well.

Pleasant online shopping experience is unlikely to be achieved by relying on a sole but on a set of variables (online and offline). Moreover, it is important that the relationships and the level of integrity between variables (such as product quality, sales and punctual delivering) are considered, otherwise lack of integrity and compatibility between the variables can cause unpleasant experience. Therefore, a vendor may need to consider a package of variables and the relationships between them and implement this strategy in the web site.
6.5.3 Price

The stage of setting a price is important for e-vendors. This is because price is one of the strongest attractions of online shopping. However, setting a low price may not guarantee that consumers will purchase. A low price can have an adverse effect and make consumers suspicious towards the quality of product and even the web vendor. The study recommends that instead of setting a low price, it can be more beneficial to set a price in the range of the consumer expectation. This can be obtained by performing market research and analysis in advance. However, a vendor may also need to justify the price. Justification of the price can be performed by offering guarantees of the product and the product’s specifications and qualities.

Guarantees can act as a sign of the quality of product. This not only helps a vendor in setting a price which can be mainly in favour of the vendor, but also it can positively affect the marginal profit. This is because the values that the vendor offers to consumers can justify and support the higher price. As a result, consumer will rather pay the higher price if the vendor is recognised as trustworthy (this was explained in detail in chapter 5 section 5.3). The trustworthiness of a vendor can give another value to consumer and provide ‘peace of mind’.

6.5.4 Security

The implications of the study’s findings for the online vendors are that they need to provide a security statement which gives consumers information about the security policy of a vendor. Consumer expectation is that ‘the web site is going to tell [them] how secure the web site is.’ This needs to include the policy of the vendor in relation to the security of transactions and information about how the vendor will treat consumer data. For example one interviewee stated that the ‘Web site might have produced information about how secure it is. So, that’s good to make you feel better’. This positively affects consumer perceived security risk. In addition, it is useful for a web vendor (especially for newcomers) to have security approval from a third party such as well-recognised or authorised vendors on their web sites.

Knowing how secure a vendor is and how consumer information is treated reassure a consumer that s/he is in control of his/her information. This also can be interpreted as a sign of a vendor integrity and benevolence towards consumers. Performing such
procedures can act as an effective strategy to mitigate consumer concerns about security risks such as fraud or accessing their information by a third party. These have positive effects on building initial trust in consumers towards the vendor.

### 6.5.5 Online risks

The implications of the study’s findings for e-vendors, especially newcomers, are that they need to find a way to decrease the consumer perceived risk. Although the perceived risk is a personal-based variable, the study suggests that it can be positively affected by the impersonal vendor’s attributes. For example, high-level security of a vendor positively affects consumer perceived risk. The quality and relevance of the content of the vendor’s web site and its layout are two important attributes as they can positively influence consumer perceived risk (Table 6.1). This is because most types of perceived risk are result of a lack of familiarity and a high level of uncertainty. Therefore, the suitable and relevant content of a vendor’s web site and its layout can provide the information that consumers need. This familiarises consumers with a vendor faster, consequently decreasing the uncertainty of the online environment. Decreasing uncertainty positively affects consumers’ perceived risks and builds initial trust in them.

It should be noted, that the speed of building trust in consumers is a crucial factor. By implementing suitable content, a vendor can build trust faster and use this importance as a competitive advantage.

### Table 6.1 The attributes that consumers expect of the web site of a vendor

<table>
<thead>
<tr>
<th>Consumers’ expectations from a vendor’s web site</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) ‘a good design on the web site, that reflects the company that they have’</td>
</tr>
<tr>
<td>b) ‘as long as it’s easy to get all the information that you want’</td>
</tr>
<tr>
<td>c) ‘I want to find as much information as I want, about the object.’</td>
</tr>
<tr>
<td>d) ‘I’ve normally not bought any thing unless there is a picture of it, really’</td>
</tr>
<tr>
<td>e) ‘I hope for photographs, pictures that you can actually visually see it,...and then it should give some sort of details about any copyright things, when it was first produced, how long its gonna take to be despatched to you, price. It should be pretty comprehensive.’</td>
</tr>
<tr>
<td>f) ‘If it is a dependable website’</td>
</tr>
</tbody>
</table>
6.5.6 Reliability

The study findings in relation to reliability are important for e-vendors. This is because reliability of a vendor is a sign of competence (Kim and Prabhakar, 2004). As a result, the competence of a vendor is an important component of building initial trust. The study findings revealed that consumers have a vague idea about reliability and what they look for is a range of abilities of the vendor. Therefore, consumer perception of a vendor’s reliability cannot be fulfilled only by demonstrating a sole attribute of a vendor but by establishing a set of key attributes such as security, customer service and so forth. It is also important identifying the consumers’ needs and expectations, and assuring consumers that the vendor has the ability to meet their needs and expectations. For example, one consumer interviewed stated:

*I like to buy my stuff from a reliable vendor because when I pay for something I want some sort of guarantee that my money will not be wasted and I will receive a decent service based on what I pay. Therefore, I am sure that the reliability of vendor is certainly important for me*.

Therefore, it can be useful for a vendor to have a kind of structural assurance for convincing consumers. McKnight et al (2002a:339) state, “*structural assurance means one believes that structures like guarantees, regulations, promises, legal recourse, or other procedures are in place to promote success [of the transaction]*”.

6.5.7 Terms and Conditions

The study’s findings related to the terms and conditions show that there are important issues that e-vendors need to consider. A terms and condition statement is an attribute of a vendor that can be presented as an unfair contract. This can undermine the integrity of the vendor. To prevent this, the terms and conditions of a vendor should be simple and easy to understand, and any complex term should be clarified for consumers. It also needs to be as precise and short as possible. At the beginning of the terms and conditions (user agreement), it is important to educate consumers about how important terms and conditions are and how they can affect consumers’ status in case of any dispute.
It should be noted that in some countries such as the UK or the USA consumer rights are protected by the law and different Acts. Therefore, even if a vendor overlooks consumer rights, the court will investigate the case and make a just decision. Law cases have revealed that in such situations the vendors are often recognised as a liable party who should compensate the consumer (Conzalez, 2004). Hence, it will be much more beneficial if a vendor provides fair terms and conditions in order to avoid costly legal procedures or compensating consumers.

6.5.8 Contact details

Contact details can act as a structural assurance (McKnight et al, 2002; 2002a). This is because consumers can not only make any inquiry before purchasing but also ‘contact the telephone number if something is going wrong’ (according to an interviewee). Complete contact details (telephone number, address, e-mail, the relevant person’s name) of a vendor reflect the confidence and competence of a vendor in fulfilling consumers’ expectations. For example, an interviewee stated:

‘if you’ve gone to a big company, traditional shopping like Argos, you can have a helpline, phone lines to go through. So the website may not have that, they may have a contact e-mail. Sometimes, they might have to speak to someone ... rather than waiting for the e-mail.

So, e-vendors need to put the full contact details of vendor on their web sites. It is also useful if consumers can view (on the vendor site) the name of a person that they should contact if they have any inquiry. These can be strong indications of physical presence of a vendor in the real world. This can make consumers more confident because ‘it makes the company appear more tangible and not just on the WWW’. As a result, the more confident consumers are the easier initial trust can be built.
6.5.9 Trust barriers

In Chapter 5 (section 5.3) it was revealed that the role of trust building barriers needs to be further explored. McKnight et al (2002) conceptualised them under the term of ‘distrust construction’. There is also a general lack of knowledge in terms of how ‘distrust construction’ affects building trust. However, by careful consideration of what consumers pointed out (Chapter 4, Chapter 5, and section 5.3 in particular) of this study, it can be concluded that any aspects relating to the factors below can increase consumers’ sensitivity which can lead to constructing distrust:

- Consumer financial status
- Guarantees
- Products information
- Offline presence of e-retailer
- Feedback

Therefore, at the stage of designing an e-commerce web site these five factors need to be considered carefully. An inadequate presentation of these can generate adverse effects. Awareness of these aspects can assist a vendor to build an effective TBM (Trust Building Model) and to implement it in the vendor’s web site.

6.6 Limitation

6.6.1 Survey

Distributing the survey was one of the limitations of the study. Although the survey was distributed through the University of Sheffield intranet, only 53 responses were received. However, a further 50 were obtained by distributing and collecting them in person. This demanded much more effort and time as it was necessary to visit each person and clarify the purpose of the study.

6.6.2 Sampling

The survey was launched in the University of Sheffield campus and Doncaster town. However, after analysing the data obtained, the majority of the sample tested was identified as people with university degrees. Therefore, in terms of generalising the
findings of the research, the study’s results can be more applicable to the educational class in the UK.

Five interviews were carried out. However, the depth and the length of interviews were not the same. This was because of the limited availability of the interviewees. For example, at the time of interview, two interviewees were unwell, hence the interview time and the number of questions had to be decreased. It would have been better if ten people could have been interviewed. This would have made a better balance between the qualitative and the quantitative data.

6.7 Suggestions for Further Research

It has already been discussed that little research has been carried out in the context of initial trust (Chapter 1, section 1.2). Obviously, no single study can meet all the aspects of initial trust and its impact on consumer behaviour in the online environment. Therefore, there is a need to do further research as e-commerce is growing and online shopping has become popular. This study suggests some concepts that need further investigation as follows:

- Research could be conducted to further investigate some of the interesting results of the study. This research probably would find the relations between different variables and also identify some new concepts in relation to initial trust.

- There is a potential for doing further research on the concept of initial trust and high-price products as the products examined in this study were mainly low-price products such as CDs and books.

- Initial trust could be investigated using the B2B model of e-commerce as the volume of transactions in the B2B model of e-commerce is much greater than the B2C model.

- Investigating the security concerns and how security in the online environment could be improved, especially at the administration side of online shopping could be an interesting subject for further research.
• Providing a structure or framework for authenticating and verifying e-vendors in the online environment could help to control such online crime such as fraud, and could almost eliminate data phishing. Obviously, this would mean that initial trust would be more easily created in an authenticated and verified vendor.

• Exploring and identifying the role and functionality of distrust construction and its relevant variables in TBM (Trust Building Model) could be a theme for further research.

6.8 Summary

This chapter recaps the aims and objectives of the study and demonstrates that they have been met. The conclusion of the study has been made and outlined. Recommendations have also been made based on qualitative and quantitative findings and analysis. This was followed by an outline of the limitations of the study and suggestions for further research.
Bibliography


Appendix A

Survey Instruments

Dear respondent

My name is Amin and I am a final year MSc student at the University of Sheffield. I am currently performing research in the context of “Initial trust in Online shopping (e-commerce).” Without your help and support this cannot be performed. I will appreciate if you spend 7-8 minutes to fill the questionnaire. Your data would be treated according to the Data Protection Act 1998.

Your data will be anonymous, the confidentiality will be ensured throughout the whole research projects duration, and no personal sensitive information will be stored and published from your data.

No third party will gain access to your personal file without your explicit wish. Data collection, storage, retrieval, and data analysis are performed according to the Data Protection Act 1998 and the University of Sheffield guidelines.

Again thank you very much for your help and support.
A. I understand that my participation is voluntary and I am free to withdraw at any time without giving any reason.

B. I understand that my responses will be anonymous during the whole research project and after that.

I agree to take part in this research project.

==================================================================

**Part I: About yourself**

1. **Your age: (please tick)**
   - [ ] 16-20
   - [ ] 21-25
   - [ ] 26-30
   - [ ] 31-35
   - [ ] 36-40
   - [ ] 41-45
   - [ ] 46-50
   - [ ] 50-55
   - [ ] 56-60
   - [ ] over 60

2. **Your gender:**
   - [ ] Male
   - [ ] Female

3. **Your level of education:**
   - [ ] GCSE
   - [ ] A-levels or equivalent
   - [ ] University
   - [ ] Further higher education (e.g. Master, Doctoral degrees)
   - [ ] Other______________________ (please indicate)

4. **How do you describe your computer skills?**
   - [ ] Novice
   - [ ] Intermediate
   - [ ] Experienced
   - [ ] Expert

5. **Using the Internet is part of your everyday work?**
   - [ ] Yes
   - [ ] No

6. **How often do you use the Internet?**
   - [ ] Everyday
   - [ ] Once a week
   - [ ] Twice a week
   - [ ] Three to four times a week
   - [ ] Very rarely

7. **Have you ever made purchases online?**
   - [ ] Yes
   - [ ] No (to question 10)

8. **How often do you purchase online?**
   - [ ] Regular
   - [ ] Frequent
   - [ ] Rarely
   - [ ] Depends on the needs, sometimes frequent and sometimes rarely
9. What products do you purchase online normally?

- Books
- Music
- Grocery
- Clothes
- Second hand goods
- Others: ______________________

**Part II: Your online shopping experience**

10. Have you ever had unpleasant online shopping experiences?

- Yes
- No (to question 14)

11. Please can you describe your most unpleasant online shopping experience?

12. The unpleasant online shopping experience has (please tick only one answer which applies to you):

- Stopped me shopping online
- Stopped me shopping with the particular retailer
- No impact on my attitude towards online shopping at all
- Made me pay more attention to online transaction

13. To what extent does a negative online shopping experience affect your confidence in the Internet retailers?

- Very much (don’t trust online retailers at all)
- Much (don’t trust online retailers easily)
- Little
- Very little
- Don’t know
14. To what extent does a positive online shopping experience affect your confidence in the Internet retailers?

- Very much
- Much
- Little
- Very little
- Don’t know

15. As a new customer to an e-commerce web site of a vendor (retailer), how important are the below variables in affecting your confidence? Please tick/circle the number closer to your view according to a 1 to 4 scale where: (1=Not important, 2=To some extent important, 3=Important, 4=Very important).

<table>
<thead>
<tr>
<th>Variables</th>
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<th>Somewhat important</th>
<th>Important</th>
<th>Very important</th>
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<tr>
<td>b) Terms and conditions</td>
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<td>c) Security</td>
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<td>d) Risks associated with the online environment</td>
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<td>e) Size of vendor</td>
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<td>f) Reputation of vendor</td>
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<td>g) Information about vendor itself</td>
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<td>h) Return policy</td>
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<td>k) Telephone number of vendor</td>
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<td>l) Word of mouth</td>
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<td>m) Product information</td>
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<td>n) Reliability of system</td>
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<td>o) Feedback from other customers</td>
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<td>p) Customer service</td>
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<td>q) The offline presence of vendor</td>
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<tr>
<td>r) Brand name</td>
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</table>

16. Would you compromise your trust in an online retailer for the price?

- Yes
- No
17. What would seriously damage your confidence in an online retailer? (Please tick all apply and are closest to your view)

<table>
<thead>
<tr>
<th>Variables/Situation damaging confidence</th>
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<tr>
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<td>b) When the company no longer guarantees secured transaction</td>
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<td>c) When the company no longer deliver products on time</td>
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<tr>
<td>d) When the company provides product not as described on the website</td>
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<tr>
<td>e) When the company does not provide pleasant shopping experience</td>
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18. As a new customer to an e-commerce web site of a vendor (retailer), how important are the below variables in affecting your confidence negatively if you find flaws in them? Please tick/circle the number closer to your view according to a 1 to 4 scale where: (1=Not important, 2=To some extent important, 3=Important, 4=Very important).

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<td>q) Brand name</td>
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Dear respondent,

My name is Amin and I am a final year MSc student at the University of Sheffield. I am currently performing the research in the context of "Initial trust in on-line shopping (e-commerce)." Without your help and support this cannot be performed. I will appreciate it if you spend 7-8 minutes to fill the questionnaire. Your data would be treated according to the Data Protection Act 1998.

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Again, thank you very much for your help and support. Please click on the link below to access to the questionnaire:


Best regards

Amin
Dear respondent,

My name is Amin and I am a final-year MSc student at the University of Sheffield. I am currently performing the research in the context of "Initial trust in On-line shopping (e-commerce)." Without your help and support this cannot be performed. I will appreciate if you spend 7-8 minutes to fill the questionnaire. Your data would be treated according to the Data Protection Act 1998.

Your data will be anonymous, the confidentiality will be ensured throughout the whole research projects duration, and no personal sensitive information will be stored and published of your data.

This questionnaire is our hard work without your explicit wish. Data collection storage, retrieval, and data analysis are performed in accordance to the Data Protection Act 1998 and the University of Sheffield Guidelines.

Again thank you very much for your help and support. Please click on the link below to access the questionnaire:

http://FreeOnlineSurveys.com/rendersurvey.asp?sid=lo9192

Best regards

Amin
3. Your level of education?
   - GCSE
   - A-levels or equivalent
   - University
   - Further higher education (e.g., Master, Doctoral degree)
   - Other (Please Specify):

4. How do you describe your computer skills?
   - Novice
   - Intermediate
   - Experienced
   - Expert

5. Using the Internet is part of your everyday work?
   - Yes
   - No

6. How often do you use the Internet?
   - Every day
   - Once a week
   - Twice a week
   - Three or four times a week
   - Very rarely

7. Have you ever made purchase on-line?
   - Yes
   - No (to question 10)

8. How often do you purchase on-line?
   - Regular
   - Frequent
   - Rarely
   - Depends on the needs, sometimes frequent and sometimes rarely

9. What products do you purchase on-line normally?
9) What products do you purchase on-line normally?
- Books
- Music
- Grocery
- Clothes
- Second hands
- Other (Please Specify) ________

10) Have you ever had an unpleasant on-line shopping experiences?
- Yes
- No (to question 14)

11) Please can you describe the most unpleasant on-line shopping experience of yours?

12) The unpleasant on-line shopping experience has
- Stopped me shopping on-line
- Stopped me shopping with the particular retailer
- No impact on my attitude towards on-line shopping at all
- Made me pay more attention to on-line transaction

13) To what extent does negative on-line shopping experience affect your confidence in the Internet retailers?
- Very much (I don’t trust on-line retailers at all)
- Much (Don’t trust on-line retailers easily)
- Little
- Very little
- Don’t know

14) To what extent does positive on-line shopping experience affect on your confidence in the internet retailers?
- Very much
- Much
- Little
- Very little
- Don’t know
15) As a new customer to an e-commerce web site of a vendor (retailer), how important are the below variables in affecting your confidence? (Please tick all apply to you).

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<tr>
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<td>d) Risks associated with the online shopping</td>
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</table>

16) Would you compromise your trust in an on-line retailer for the price?

- Yes
- No
**Q13** What would seriously damage your confidence in an online vendor (retailer)? (Please tick all apply and closer to your view):

<table>
<thead>
<tr>
<th></th>
<th>Not serious 1</th>
<th>To some extent serious 2</th>
<th>Seriousness 3</th>
<th>Very Serious 4</th>
<th>Extremely serious 5</th>
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<tbody>
<tr>
<td>a) When the vendor breach privacy</td>
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<td>b) When the vendor no longer</td>
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<td>guarantees secured transaction</td>
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<td>c) When the vendor no longer</td>
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<td>delivers products on time</td>
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<td>d) When the vendor provides product</td>
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<td>not as described on the web site</td>
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<td>e) When the vendor does not</td>
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<td>provide pleasant shopping experience</td>
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</table>

**Q18** As a new customer to an e-commerce web site of a vendor (retailer), how important are the below variables in affecting your confidence negatively? If you find flaws in those variables? (Please mark all apply to you):

<table>
<thead>
<tr>
<th></th>
<th>Not at all important 1</th>
<th>Somewhat Important 2</th>
<th>Important 3</th>
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k) Word of mouth
l) Product information
m) Reliability of vendor
n) Feedback from other customers
d) Customer service
p) The offline presence of vendor
q) Brand name

Submit
Appendix B

The Questions From The Interviews

1) Interview one (part one): Miss A

1) How do you choose a web vendor? In other words, how can a web vendor attract you to purchase online?

2) Does this mean that you actually prefer to pre-select a web vendor by investigating feedback from your friends and family?

3) What do you think about price and if you find some web vendors that sell the same product but at cheaper price?

4) If you face a new web vendor (web site), which factors or criteria do you consider for assessing its website and whether it is a trustworthy vendor?

5) What do you mean the small icon; could you please elaborate on it, what exactly was it?

6) What do you think about the content of the web site?

7) What is it about information regarding product and services? How do you think about these?

8) Regarding the aspects that you have pointed out, how do you make the final decision to purchase online?

9) What do you mean about ‘one thing’?

10) By and large, do you trust purchasing through the Internet?

11) Could you explain, what was your problem?

12) Do you mean six months later?

13) What are your motivations in traditional shopping?

14) Regarding the price, have you ever thought the price might be faked or the price is correct but the goods or services might not be as same as they are described on the vendor website? So why do you purchase?

15) How do you feel when you fill in an online payment form?

16) Why don’t you feel comfortable when putting your payment information in the electronic form?
17) Could you please elaborate this difficulty that you pointed out?

18) What about your family or your friends who have had unpleasant online shopping experiences. Have you come across this?

19) Have you ever thought that carrying out online shopping could be associated with some risks? Could you explain please?

20) What about personal information like name, address e-mail and etc?

21) Have you ever thought that you might loss your money before you start purchasing online?

22) Could you explain please?

23) What factors cause you not to trust a web vendor? How?

24) You pointed out about professionalism, could you please elaborate what you mean when you say professional? What exactly do you expect to see in a professionally designed commercial web site?

25) How does seeing contact details motivate or encourage you to make a decision for online purchasing?

26) If you have a pleasant online shopping experience, are you keen to share and tell others about your experience?

27) If you have an unpleasant online experience, are you keen to tell others about your experience?

28) But the point is, saying this to others does not make any difference for you because in this scenario you have lost; say £10 or £20. Considering these, why do you like to tell the others about your unpleasant experience?

29) In terms of population (number of people), in which situations are you more keen to tell the others about your experience? Situation A: if you have pleasant online shopping experience? Situation B: if you have unpleasant online shopping experience?

30) Why?

31) Suppose you have an unpleasant online shopping experience with a particular web vendor. Would you refer to this web vendor for the second time? Could you explain please?

32) What do you mean about helpful? What is your expectation from the company?

33) How long have you shopped online?

34) Have your concerns regarding security and privacy risk in online shopping been changed since you started online shopping?

35) In terms of security, how do you evaluate whether a web vendor is a secure one?

36) How does a pleasant experience affect your decision in terms of referring to that particular web vendor for the second time?

37) Regarding the positive and negative feedback, which one of these do you emphasise more? Why?
38) In terms of weight and influence, which one (positive feedback or negative feedback) affects your evaluation of a vendor? Why?

39) Regarding two types of risk: risk of disclosing your personal information within the transaction channel and risk of the lack of control and tracking your information while they settled on the business side server. Which one of these are you more concerned about? Why?

40) Would you compromise your trust for the price? Why?

41) Considering all the aspects you have pointed out. Which factors are the most important factors from your standpoint?

42) Is there anything else that you would like to point out?

43) Which of these factors are more important for you? Reliability, trustworthiness or offline services (customer service)?

1) Interview one (part two): Miss A

1) How do you think about the reliability of a web vendor?

2) Is it important for you?

3) To what extent?

4) Why?

5) How does a vendor’s reliability affect your confidence?

6) What do you think about terms and conditions (in user agreement page) of a web vendor?

7) Is it important for you?

8) To what extent?

9) Why?

10) Do you read it carefully or just skim it?

11) How does it affect your confidence?

12) What do you think about contact details of a web vendor?

13) Is it important for you?

14) To what extent?

15) Why?

16) How do contact details (addresses, e mail, and telephone number) affect your confidence in online shopping?
2) Interview: Mrs B

1) How can a web vendor attract you to purchase online?

2) How confident are you about these sites?

3) How important is a website to you in terms of content, information or anything else that you are concerned about?

4) By and large, do you trust purchasing on the Internet?

5) In traditional shopping what encourages you to decide and then purchase?

6) You mentioned that you haven’t had any unpleasant online shopping experience. So, what about your relatives and your friends, have they had an unpleasant online shopping experience?

7) How do you feel when you enter your payment information such as credit card details into an online payment form?

8) Have you ever thought of any types of risk that might be associated with online shopping? Could you please explain?

9) If you want to prioritise the risks associated with online shopping, which one is the most important for you?

10) What causes you not to trust a web vendor? Could you explain please?

11) How does reading or noticing contact details in the web vendor (web site) affect your decision to shop online?

12) Are there any other factors on a web site that are important for you?

13) If you have a pleasant online shopping experience, how certain are you to tell others about your experience?

14) If you have an unpleasant online shopping how keen would you be to tell this to others?

15) Suppose you have experienced both pleasant and unpleasant online shopping. Would you tell more people about your pleasant experience or unpleasant experience?

16) From your point of view which one of these are more important: reliability, security, trustworthiness, off-line services like customer service or any other factors that you think of?

17) Have you ever thought of your information being used by a third party? Could you elaborate please?

18) So, how do you get this confidence?

19) How long have you been buying online?

20) Have your concerns regarding the issues such as privacy, security, and risks associated with the online shopping been changed?

21) How do you assess different factors if you don’t have any previous knowledge or information about a web vendor?

22) Which type of information do you mean?

23) Are there any other types of information you want to comment on?
24) Which factors make you return to a web site for the second time?

25) While you read negative and positive feedback regarding a web vendor, which one is more important to you?

26) Why negative?

27) With respect to two types of risk: a) disclosing personal and payment information during transfer within the electronic channel. b) Lack of control and tracking the information that you have sent when settled on the business side server. Which one of these are you more concerned about?

28) Have you ever thought of your lack of control of your information or your information being used by a third party when settled at the business server side?

29) Would you compromise your trust with the price? why?

30) If two web vendors offered the same product and one of them is USA based and the other U.K. based, from which one will you purchase?

3&4) Group Interview: Mr D and Mrs F

1) How does a web vendor attract you to purchase online?

2) Mrs F, you pointed out about the price before (in question1), but have you ever thought that the price could be faked and the product that you are going to receive at this price might not be the same as described on the web site?

3) Did you know in advance that you should pay extra money to get it out of customs?

4) Did you contact with the web vendor from which you bought the camera?

5) How important are the contents of a web site to you, whether product information or any other aspect of the web site?

6) By and large, do you trust purchasing through the Internet?

7) Why?

8) In traditional shopping and online shopping, what are your motivations?

9) You mentioned the appeal of traditional shopping, so in a web vendor you cannot see such appeals, hence what attracts you to a web vendor?

10) How do you feel when you put your payment information like your credit card information in an online form? Why?

11) Have you had any unpleasant online shopping experience? Could you elaborate on it please?

12) Did you inform the company or complain?

13) Did you inform PayPal about the problem and did you receive any response from PayPal?

14) Do you have any knowledge or awareness in terms of your legal rights?
15) Have you ever thought of any risks associated with online shopping? Could you please explain?

16) What makes you not trust a web vendor?

17) You mentioned professional web site, could you please elaborate what you mean by professional”?

18) What do you think about contact details on a website of a web vendor?

19) Is there any preference in terms of contacting a web vendor via telephone or face to face compared with using e-mail or message board?

20) If you have a pleasant online shopping experience, how certain are you to share your experience with others?

21) If you have an unpleasant online shopping experience, how certain are you to share your experience with others?

22) Suppose you have experienced both pleasant and unpleasant online shopping. Would you tell more people about your pleasant experience or unpleasant experience?

23) Why?

24) Have you ever thought about misuse of your information by a third party?

25) Do you think that the weight of the same variable in the trust situation, and the distrust situation is different or the same?

26) How long have you been purchasing online?

27) Have your concerns changed since you started online shopping?

28) Which factors make you return to a web vendor? Why?

29) When you look at positive and negative feedback on a web vendor, which one impacts you more? Why?

30) Regarding two types of risk: risk of disclosing your personal information within the transaction channel, and risk of lack of control and tracking your information when settled on the business side’s server: which one are you more concerned about? Could you elaborate on it please?

31) Would you compromise your trust with the price? Why?

32) Would you like to pay more to a trustworthy web vendor? Why?

33) If two web vendors are situated, one of them U.K based and the other Germany based, which one of them would you prefer to purchase from?

5) Interview: Mr G

1) Have you ever shopped online?

2) How do you think about reliability of a web vendor?

3) Is it important for you?

4) To what extent?
5) Why?

6) How does reliability affect your confidence?

7) How do you evaluate whether a vendor is reliable?

8) Do you have any suggestions or ideas with this regard (reliability)?

9) Do you read terms and conditions of a vendor before shopping online?

10) Why?

11) Do you read it carefully or just skim it?

12) Why?

13) Is it (vendor terms and conditions) important for you?

14) How do you think about terms and conditions?

15) What are you looking for (mainly) when you are reading terms and conditions of a web vendor?

16) To what extent are they important?

17) How do a vendor’s terms and conditions affect your decision?

18) Do you know of any risk in online shopping?

19) Why do you think so?

20) If there is any risk in (online shopping environment), which one is more important for you?

21) Why?

22) Please name three components (Attributes) in a web vendor which are very important for you?