How to Foster Trust in an E-Commerce Environment

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Agenda

• Class Experiment
• Introduction and Motivation
• Vendor Dynamics
• Buyer Dynamics
• Research Results
• Conclusion
Class Experiment

• A qualitative evaluation of two different websites
• Which vendor would you be more willing to engage in a transaction?
  • http://www.watachi.com/
  • http://www.animalanticsinc.com/
Introduction and Motivation

- Why is trust important and why would an e-vendor care about fostering trust?
  - Characteristics of Trust
    - Tangibility vs. Intangibility
    - Represents the dismissal of due diligence
  - Why is it important
    - Sales Cornerstone
      - Referral business
  - Customer Empowerment
    - Ubiquity and vastness of the Internet
    - Purchasing power
Vendor Dynamics

• What does the vendor need to be aware of in order to foster a trusting environment?
  – Two primary variables
    • Appearance
      – Convenient navigation
      – Meaningful description of products
      – Comprehensible process for transactions
    • Actions
      – Security seals
      – Security statements
      – Privacy statements
Vendor Dynamics (con’t)

• Root of the vendor environment problem
  – Attempting to establish an environment with tangible characteristics in an intangible world
  – Vastness of the Internet opens the business doors to a world of potential customers, but without the trust equation appropriately proofed, the vastness becomes the enemy.
Buyer Dynamics

- Establishing the exchange relationship
  - Buyers conduct a cost benefit analysis on the transaction
    - Defining ‘What’s at stake?’
  - Trusting beliefs
    - Benevolence – vendor’s goodwill, caring and responsiveness to buyer’s concerns
    - Competence – discretion, dependability, reliability and credibility
    - Predictability – perceptions on the vendor’s actions
Buyer Dynamics (con’t)

• Vendors have more insight into influencing the buyer’s behavior than vendor’s might initially think
  – Goes back to ‘appearance’ and ‘actions’
Research Results

• Two studies
  – Test of the premise that consumer initial trust is positively related to a trust inducing user interface
  – Explanation of the factors that impact a customer’s initial trust in e-business
Research Results (con’t)

• Research Study #1
  – H1: Consumer initial trust is positively related to a trust inducing user interface
  
  – H2: The presence of a security indicator in an online medium increase the consumer’s willingness to conduct an electronic transaction as compared to design features
Research Results (con’t)

• Research study #1
  – 68% of study respondents believed that a trusted interface of the company could also be seen as proof of the company’s ability to provide high quality products and services.
  • Responses were split between technical and non-technical responses
  – Generally speaking, the study illustrated that people tend to rate as important what they understand
Research Results (con’t)

• Research Study #2
  – Conceptual studies have proposed that initial trust is impacted by information quality, web interface design and company reputation.
  – H1: For Customers in an initial relationship, customers’ positive feelings about a company’s website quality have a positive effect on customers’ beliefs about the company’s competence
  – H2: For Customers in an initial relationship, customers’ positive feelings about a company’s website quality have a positive effect on customers’ beliefs about the company’s goodwill
Research Results (con’t)

• Research results:
  – There is evidence that three factors: company profile; supporting organization; and website quality, have an impact on initial trust.
  • Website quality may have a more significant impact on initial trust than the other two factors.
Conclusion

• Revisiting our experiment
  – http://www.watachi.com/
  – http://www.animalanticsinc.com

• Appearance
• Actions