
Shoppers trust in shopping online: a review

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Abstract

Witnessing the globalization, liberalization, more and more of privatization scenarios, shoppers have been experiencing the complete world of shopping opportunities. The traditional getting together of ladies and moving out in the mornings or evenings for shopping is now replaced with online shopping. Mothers are now not overburdened for shopping for everyone. Teenagers, elders, males, females, kids, office goers, housewives, rich, poor, are all enjoying this splendid world of shopping. What's more splendid is making friends, neighbors envious in the wink of an eye. But, here is a word of caution for everyone, what if the product you desired is not up to the mark, or you have not been able to build trust whether the product you will receive will be of the same specifications as has been mentioned online. Trust is a very important issue to be addressed by online shopping companies. Although companies have come up with ideas and solutions on how to tackle this issue but, a lot more still awaits. This paper attempts to review this big dimension of online shopping namely trust.

Purpose: The aim of this paper is to examine the studies done on online shopping and role of trust in influencing shopping online.

Keywords: Online shopping, trust, internet, web, privacy, security.

Introduction

Now-a-days the word "Digital India" is the talk of the town, just because of cashless transactions which leads everyone to go for shopping online. The world has emerged not only as a global village but also digitally globalized. This is a boon for online shopping companies. The following paragraphs illustrate more about online shopping and retailing.

"Revenues from online retailing continue to grow. A Forrester Research report showed that online retail sales reached US\$269 billion in 2005, from US\$45 billion in 2000" (Dykema, 2000). "The growth of online shopping has generated considerable interest among academic researchers. In particular, researchers have begun examining the impact of online shopping environments on consumer choice" (Swaminathan et al., 1999), "the role of Internet shopping as a channel of distribution" (Alba et al., 1997), "factors influencing shopping online" (Swaminathan et al., 1999), "and the impact of online shopping on price sensitivity" (Shankar et al., 1999).

"Moving some web consumers along to the purchase click is proving to be difficult, despite the impressive recent growth in online shopping. Consumer online shopping revenues and related corporate profits are still meager, though the industry is optimistic, thanks to bullish forecasts of cyberconsumer activity for the new millennium" (Hoffman et. al., 1999). In a study by Achs 1988, it was projected that "in 1996, Internet shopping revenues for U.S. users, excluding cars and real estate, were estimated by Jupiter Communications, an e-commerce consulting firm in New York, at approximately \$707 million but are expected to reach nearly \$37.5 billion by 2002".

Also it was shown in a study "the business-to-business side is taking off with more than \$8 billion in revenues for 1997 and \$327 billion predicted by 2002 just in the U.S., according to Forrester Research, an information consulting firm in Cambridge" (Erwin et. al. 1997).

"Given the significant growth in online retailing, the online retailer needs to understand the particular reasons why consumers choose to shop online. This need is particularly relevant for the increasingly competitive online grocery retail market, in which numerous national and regional firms compete among themselves as well as bricks-and-mortar stores within a relatively static market" (Rohma and Swaminathan, 2004).

Trust as main determinant for online shopping

The following paragraphs would present various views by different researchers on the dimensions of trust as one of the determinants for online shopping.

On the consumer side, a variety of barriers are invoked to explain the difficulties for businesses catering online business. "There are, to be sure, numerous barriers, such factors as the lack of standard technologies for secure payment, and the lack of profitable business models play important roles in the relative dearth of commercial activity by businesses and consumers on the Internet compared to what analysts expect in the near future" (Hoffman et. al., 1999). Commercial development of the web has a big barrier "consumers' fear of divulging their

personal data to its ultimate commercialization” (Hoffman et. al., 1999).

Research has also shown that “this lack of trust arises from the fact that cyberconsumers feel they lack control over the access that Web merchants have to their personal information during the online navigation process. These concerns over privacy span the dimensions of environmental control and secondary use of information control” (Goodwin 1991).

Moreover, it is found in studies “environmental control, or the consumer’s ability to control the actions of a web vendor, directly affects consumer perception of the security of online shopping. In the physical world, a consumer may be concerned about giving out credit card information over the telephone to an unknown voice within a mail-order company. On the web, consumers may fear typing in credit card information to any commercial web provider, similarly, a commercial web provider may fear the efforts of hacker intent on stealing credit card numbers” (Hoffman et. al., 1999).

There are more evidences to support the claim that customers need to build more of trust in online shopping for it to be loved, liked and used by all freely. “Control over secondary use of information reflects consumers’ perceived ability to control the use of their personal information for other purposes subsequent to the transaction during which the information is collected” (Culman 1995). Also it is found that “on the web, this lack of trust is manifested in consumers’ concern that web providers will sell their personal information to third parties without their knowledge or permission” (Hoffman et. al., 1999).

"Electronic **retailing** seems to be an almost perfect market, as the information is instantaneous and consumers can compare offers from all over the world, therefore, with the competition just one mouse click away, the exodus of customers becomes much easier" (Shankar, Smith, & Rangaswamy, 2003). But the trust should be maintained with the customer in buying products online. Trust is a concept studied in several disciplines, and, as a result, there are different definitions.

While going through a lot of literature and researches it was also found that “unlike traditional retail environments in the physical world, where consumers feel they have only limited choices, such perceptions concerning information privacy on the internet have a striking negative influence on consumer willingness to engage in relationship exchanges online” (Hoffman et. al., 1999).

One of the studies aimed “to improve understanding of the reasons why people trust the information about product recommendations on social shopping networks of websites, a new e-commerce method which combines social networking and shopping, and to investigate the impact of the trust on the consumers’ intention to purchase products from the online shop of a website” (Kuo et. al., 2010). “The results indicated that perceived ability, perceived benevolence/integrity, perceived critical mass, and trust in a website were four important antecedents of trust in product recommendation in a social networking site, in addition, trust in product recommendations can influence the consumers’ intention to purchase from the website

through increasing their intention to purchase the products” (Kuo et. al., 2010).

“Accordingly the reasons why people trust the recommendations on social shopping networks which other consumers provide merit further investigation, moreover, besides trust in recommendations, trust in websites is another important factor influencing online shopping behaviors” (Wu and Chang, 2006).

“Unlike many online shops that display products for sale, a few social shopping sites, such as ThisNext and Kaboodle, provide blogs or virtual communities for users to share shopping ideas, exchange opinions on specific products and recommend their favourites. For consumers these opinions or recommendations can help them find new product information of interest to them and assist them in making shopping decisions. In addition it has been found that people are more likely to trust the information provided by other shoppers like themselves more than that provided by companies” (eMarketer, 2008a).

“According to a survey by Internet Retailer in 2008, 36.7 percent of online merchants planned to include this service in their websites by the end of 2008, as the third priority in expected new functions” (Brohan, 2009).

Why people are still not trusting online shopping sites is because studies reveal “the reason more people have yet to shop online or even provide information to web providers in exchange for access to information is the fundamental lack of faith between most businesses and consumers on the web today. In essence, consumers simply do not trust most web providers enough to engage in relationship exchanges involving money and personal information with them” (Hoffman et. al., 1999). “Similarly, e-commerce research has also linked consumer satisfaction to company trust” (Pavlou, 2003; Ribbink, et. al., 2004).

There are several studies that have demonstrated “purchase intentions in online stores are positively influenced by favorable attitudes toward the online store and trust in the store, and, trust refers to the extent to which an individual believes that a target of trust will behave with benevolence, competence, honesty, and predictability in a given situation” (McKnight et. al. 2002).

“When a consumer considers purchasing online he/she may have different levels of trust concerning individual perceptions of the online environment as a whole--what called institution based trust--, and his/her perceptions of a specific web-vendor--called trusting” (McKnight et. al. 2002). So, trust in Internet shopping may influence trust in a company's site because it offers a guarantee of the consistent and competent performance of the companies operating in the environment.

“The construct of trust has been widely studied in the literature on electronic commerce, as it has been seen as fundamental in explaining consumer repurchase behavior on the Internet” (Pavlou, 2003) “as well as outside it” (Garbarino & Johnson, 1999; Nooteboom, Berger, & Noorderhaven, 1997). Therefore, “when a customer perceives the complaint handling

performance of a company as fair and satisfactory, his/her feelings of trust tend to strengthen. Conflict situations appear to be even more critical, as it is in adversity that partnerships are put to the test, accordingly, a satisfactory solution of a failure in delivering a product" (Ribbink, Van Riel, Liljander and Streukens 2004).

"Trust has been studied as an important factor in e-commerce" (Hoffman et al., 1999; Noteberg et al., 1999), "and it was found that most consumers use trusted websites when purchasing online" (Yahoo! Inc., 2006). Kim et al. (2008) found that "customers' intention to purchase products online was also influenced by trust in the web vendor. For this reason online merchants continuously improve website quality and update website services to enhance buyers' trust. Moreover because of the trend of exchanging shopping experiences online, online merchants are adding functions for customers to review and rate the products in their online stores".

Studies of Nooteboom et al., (1997) indicate "conceptual" and study of Agustin & Singh, (2005) indicates "empirical" emphasizing "trust as a fundamental ingredient for the development of long-lasting relationships between consumers and firms". In online commerce, trust appears to be even more relevant since there is a lack of the physical contact and the tangible aspects which are present in traditional **retailing**. Therefore, the success of the firm, as well as the future of **e-commerce** will depend on building trust and credibility among consumers and of a favorable attitude towards the web.

As per Morwitz and Schmittlein, (1992), "purchase intention refers to the possibility of a consumer inclining to make a purchase, where as trust in the websites may lead to purchase intentions. Higher purchase intention implies higher probability of purchase. Purchase intention is often used as a metric in the prediction of purchasing behavior".

Luo, (2002) stated that "people were hesitant to purchase online or even left the electronic market because of a lack of trust, and most specifically concerns about privacy". There are some differing opinions regarding online trust. "Some say the public may be too trusting, downloading software, participating in online chats and e-auctions, while others continue to refrain from engaging in online purchases, citing fears that financial transactions are insecure" (Friedman, Kahn, & Howe, 2000). Thus establishing trust is imperative for online retailers.

"In other words, satisfaction of a customer is supposed to be dependent on two attributes, i.e. customer service and value creation. As satisfaction is the reflection of a customer's attitude and customer service and value creation are attributes, the three apparently seem to be three different constructs, although there is inherent similarity to operate them. Service quality has been described as a form of attitude--a long-run overall evaluation, and the two constructs (service quality and attitude) are viewed as similar" (Parasuraman, Zeithaml, and Berry 1994; Bitner, Booms, and Tetreault 1990; Bolton and Drew 1991).

Conclusion

The present paper provides trust as an input for the factors influencing consumer's intention to shop online. After reviewing above literature it can be concluded that trust is very important factor for online shopping. Consumer trust in Internet shopping may lead to customer satisfaction and vice versa. Website owners should go for value creations to directly influence customer trust in the firm's web site. Literature has explained customer's perception regarding websites, its reputation, whether it is providing trustworthy and secure online payments options, consumers' attitudes and beliefs regarding convenience and security concerns. A proper complaint handling procedure will help to retain the customer. There is a lot of scope for e-commerce growth by understanding needs of consumers shopping online and studying various determinants on online shopping.

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