

Feeling Close From Afar: The Role of Psychological Distance in Offsetting Distrust in Unfamiliar Online Retailers

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Abstract

E-commerce offers retailers the opportunity to attract new customers online; however, consumer distrust toward unfamiliar retailers can seriously impede these efforts. Construal Level Theory suggests that such distrust can be partially understood in terms of *psychological distance*, and that reducing psychological distance using simple website tactics should overcome distrust and encourage first-time purchases. Studies 1 and 2 show a physically distant retail store, or lack of a physical store altogether, contribute to psychological distance, distrust, and reluctance to purchase online. Studies 2 and 3 further show that website images of an office building (increased tangibility), or the owner's name and appearance (social proximity), can improve trust and purchase intentions by specifically reducing the psychological distance otherwise associated with purely virtual or physically distant retailers.

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Electronic and mobile commerce seem to offer substantial customer base expansion opportunities both for retailers that lack a physical store (i.e., pure retailers) and also for those that have remote or limited bricks-and-mortar locations (i.e., physically distant hybrid retailers; [Pauwels and Neslin 2015](#)). However, the lack of consumer trust often associated with online retail represents a significant barrier to such customer acquisition ([Benedicktus et al. 2010](#); [Schlosser, White, and Lloyd 2006](#)). Consumer distrust of online vendors is particularly problematic for first-time purchases, because consumers have no direct experience with which to assess the retailer's trustworthiness ([Melis et al. 2015](#); [Schlosser, White, and Lloyd 2006](#); [Singh and Sirdeshmukh 2000](#); [Yoon 2002](#)). The challenge faced by online retailers in establishing trust online is highlighted by

survey research that found 60% of US Internet users are extremely or very concerned about scams and fraud related to online shopping, which represents a six percent increase in that figure from two years prior ([Microsoft 2014](#)). Although large, established retailers can at least partially overcome online distrust through brand building or by establishing a more intensively distributed network of physical store locations ([Benedicktus et al. 2010](#)), these strategies are generally costly and therefore may not be viable for many smaller, less familiar retailers.

Past research suggests that online trust can be improved by factors such as brand familiarity, lower risk perceptions, and favorable inferences about retailer quality (e.g., [Benedicktus et al. 2010](#); [Dholakia, Zhao, and Dholakia 2005](#); [Herhausen et al. 2015](#)). Notwithstanding the importance of such factors, the current research adds to our understanding by adopting Construal Level Theory (CLT; [Trope and Liberman 2010](#)) as a conceptual framework for understanding the role that a novel factor (psychological distance) can play in determining consumer trust and purchase intentions online. In particular, we show that the lack of consumer trust associated with unfamiliar retailers that are purely virtual (intangible) or have a physically distant retail location stems partly from underlying

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perceptions of the psychological distance involved. We then draw on CLT's interchangeability principle to develop simple, cost effective website strategies that reduce psychological distance, and thereby enhance trust and purchase intentions. The predicted effects of psychological distance are found while accounting for some of the previously established factors that are likely signaled by the presence of a physical store, including perceptions of risk, firm size, and quality.

Our findings have theoretical implications for the CLT literature, as well as strategic implications for online retailers. Theoretically, our research expands the scope of CLT by linking different facets of psychological distance to consumer trust for the first time, using tests of both mediation and moderation. Further, we provide novel empirical evidence for a compensatory effect concerning the joint influence of different facets of psychological distance on consumer judgment (i.e., social distance and tangibility). Managerially, our research offers a framework for simple website strategies that less familiar etailers and physically distant hybrids can draw on to reduce psychological distance associated with first-time purchases, and thereby improve trust and encourage purchase.

The remainder of the paper is organized as follows. First, we define the concept of psychological distance as distinct from, but related to, physical distance. Next, we adopt the CLT multifaceted view of psychological distance and derive its implications for consumer trust and purchase intentions in a multichannel marketing context. We then use this framework to formulate our hypotheses, which are tested in a series of experiments. Studies 1 and 2 initially establish that the existence of a tangible retail store, and its physical distance from consumers, each influence psychological distance and have implications for consumer trust and purchase intentions for first-time purchases. In addition, Studies 2 and 3 test simple, theory-driven alternative strategies that should compensate for the psychological distance otherwise associated with unfamiliar virtual or physically distant retailers. Specifically, Study 2 uses tangible firm imagery (i.e., a picture of an office building) to reduce psychological distance, and thereby increase trust and purchase intentions. Study 3 replicates these building imagery effects and further shows the social proximity facet of psychological distance (e.g., familiarity with the owner) can also alter such perceptions. These findings are consistent with CLT's prediction that the different facets of psychological distance are interchangeable, in that increased tangibility and social closeness each reduce perceptions of psychological distance. Other evidence suggests the role of psychological distance in offsetting distrust is distinct from other explanations, such as retailer quality or online risk perceptions. The paper concludes with a discussion of practical and theoretical implications, as well as future research areas.

Research Background

Construal-Level Theory and Different Facets of Psychological Distance

In this paper, we use the term physical distance in the common sense to refer to the objective, measurable distance between

two points (e.g., miles). One of the most basic suggestions of CLT is that physical and psychological distance are related but imperfectly correlated, and that physical distance impacts judgment and decision making through its effects on psychological distance (Fujita et al. 2006). Psychological distance is defined as the degree to which an object is *perceived* to be tangible or immediately present in terms of the here-and-now (Liberman, Trope, and Stephan 2007; Trope and Liberman 2010). The international and interpersonal relationship literatures (e.g., Chang, Polachek, and Robst 2004; Conway and Swift 2000; Lyndon, Pierce, and O'Regan 1997) lend support to the distinction between physical and psychological dimensions of distance, and further find that physical distance explains between 44% and 73% of the variance in psychological distance (Briggs 1973; Coshall 1985; Phipps 1979). Thus, one implication of CLT is that, ceteris paribus, a hybrid retailer with a local store should be perceived as more psychologically proximal than a hybrid retailer with a physically distant store, and that any effects of physical distance on consumer judgment should be at least partly explained by psychological distance.

In addition to physical distance, CLT suggests psychological distance also has a number of other facets, including: hypotheticality (i.e., perceptions that something is real or tangible versus imaginary), social distance (i.e., the degree of personal closeness or connection), and temporal distance (i.e., present time vs. distant future or past). The hypotheticality facet implies that a hybrid retailer should be perceived as less psychologically distant than a purely virtual retailer due to the greater tangibility offered by the existence of its physical retail space. Moreover, this should be true even if the physical distance of the hybrid store is too great to be of any meaningful convenience or service benefit. That is, the *mere presence of a physical store*, even at great physical distance, should be sufficient to create a reduced sense of psychological distance relative to a purely virtual retailer. Broadly, CLT suggests that both the existence of a bricks and mortar store (tangibility) and its physical distance should have similar effects on consumer judgment via psychological distance.

The multifaceted nature of psychological distance has other important implications for etailers and multichannel retailers. In particular, these different facets are said to share a common currency, and therefore are interchangeable in terms of their effects on psychological distance and judgment (Trope and Liberman 2003). This aspect of the CLT model has been empirically supported in numerous studies that show: (1) one dimension of psychological distance affects perceptions of other dimensions (e.g., social distance impacts judgments of physical distance); (2) different dimensions of psychological distance can have parallel effects on judgment (e.g., social and temporal distance have comparable effects on attributions); and (3) different dimensions of psychological distance manipulated in the same context can have interactive effects on judgment (Kim, Zhang, and Li 2008; Trope and Liberman 2010; Zhao and Xie 2011). Importantly, CLT's common currency or interchangeability postulate implies that it should be possible to compensate for the physical distance of a retail store (remote hybrids) or lack of a physical retail space (etailers) without the cost of developing a network of retail

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