



The progression of online trust in the multi-channel retailer context and the role of product uncertainty

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ABSTRACT

This research attempts to evaluate the effects of antecedents of online trust in the context of multi-channel retailers at different phases, taking into consideration the moderating effects of product types. The results reveal that multi-channel retailers' trust is transferred from the offline channel to the online channel. Secondly, the customers' initial interaction with the retailers ameliorates the effects of non-direct experience, such as Internet-based structural assurance and word-of-mouth. With increases in product uncertainty, the effects of word-of-mouth, offline trust, and efficacy of sanctions on online trust are greater for experience products than for search products.

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1. Introduction

The creation of adequate initial customer trust in e-commerce is critically important because unless customers form positive beliefs and intentions toward a website, they will probably not be willing to purchase products from the website [31]. However, although customers are likely to have trust in retailers' websites initially due to prior experience with their offline stores in the multi-channel retailer context (retailers with both offline and online business operations), certain established multi-channel retailers continue to lag behind [21] and are currently struggling against "pure-play" online retailers [16,42]. Thus, the principal objective of this study was to determine why multi-channel retailers are unable to transfer their offline trust to their online business even though they are clearly in a much better position from a customer trust perspective, than a lesser-known pure online website. This research question is crucial because the number of offline retailers establishing websites as one of their major sales channels is currently trending upward [10].

This study further recognizes that customers move through multiple phases in e-commerce. Trust theorists have developed frameworks regarding the manner in which trust progresses through

phases. In the context of multi-channel retailers, customers can form trust in retailers' websites prior to actually interacting with the websites on the basis of prior interactions with the retailers' offline stores. Hence, this study attempts to evaluate the evolution of customers' online trust in multi-channel retailers over time – more specifically, not only in the initial-interaction phase on which most of prior research has focused but also in the before-interaction phase.

Finally, this paper assesses the moderating effect of product uncertainty in the development of trust in the multi-channel retailer context. Previous studies concerning customers' trust in retailers are based on products that can be readily described through a variety of search attributes, and the findings of these prior studies may not be generalized to experience products, regarding which the customers' experiences of the products are crucial to inferences of product quality and characteristics [13]. As e-commerce offerings progress from search products to experience products, particularly in the context of multi-channel retailers, it is essential to incorporate the manner in which online trust differs according to these product types into a trust research model.

In summary, this study attempted to address three major research agenda on trust previously raised by Gefen et al. [13] in the recent issue of the *Journal of MIS*: namely, the influences of context (multi-channel retailers') on trust, longitudinal nature and trust, and trust and product uncertainty which have had little attention so far. Although some other studies [2] have examined the progression of trust development with some consideration of product type, these studies did not evaluate the progression of trust in the multi-channel retailer context.

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2. Literature review

Trust in online environments is predicated on beliefs in the trustworthiness of a trustee; trustworthiness is composed of three distinct dimensions – integrity, ability, and benevolence [13].

2.1. The context of the study – multi-channel retailers

Previous studies have focused principally on exploring the antecedents of trust toward pure online retailers despite extensive studies of online trust. Previous research has approached online trust primarily via three categories: retailer characteristics such as company size [3] and reputation [20,24], user characteristics such as the disposition to trust [30] and familiarity [12], and website and Internet environmental characteristics such as institutional structures [26,35].

Although certain studies have taken the offline element into account, these studies have simply been an extension of previous trust research conducted with pure online retailers, including examinations of the impact of displaying the offline address on the website on trust in the retailer's online operations [41].

However, as retailers increasingly embrace the concept of multi-channel retailing (retailing via both offline and online operations) [9], it is important to assess trust in the multi-channel retailer context. Trust in multi-channel retailers involves a fundamentally different process than that exploited by pure online retailers. Customers are likely to have previous purchasing experiences at a retailer's physical stores [25], and thus, they may form trust in the retailer's website even before they ever actually interact with it. Therefore, the possibility exists that trust in a retailer's offline operations can be transferred to its online business with the advantage redounding to the multi-channel retailer.

2.2. The longitudinal nature of trust

The fact that customers are quite likely to have previous purchasing experiences with a retailer's physical stores [25] even before first accessing the retailer's website is associated not only with a channel problem, but also with the development of trust over time. Komiak and Benbasat [23] have proposed that online trust development in online business be examined essentially via three phases: before-interaction, initial-interaction, and repeated-interaction.

However, extant trust research has focused principally on the initial-interaction and post-initial purchase phases [24] as the majority of prior research has dealt with only pure online retailers. These studies implicitly assume that trust development does not occur in the before-interaction phase with the possible exception of the study conducted by McKnight et al. [31], which evaluated customers' trust during an experimental introduction phase in the pure online retailer context, rather than in the pre-interaction phase, during which users have yet to experience a specific website and are in the midst of assessing the website. As most people currently have ready access to websites, it is actually quite difficult to differentiate between the experimental introduction phase and the initial-interaction phase; it is, however, far easier to distinguish the before-interaction phase from the initial-interaction phase in the multi-channel retailer context.

As a matter of fact, Kuan and Bock's [25] study on multi-channel retailers demonstrated that some trust development does occur even before the customer has even visited the website. Thus, in this study, we compare two phases – the before-interaction and the initial-interaction phases – in accordance with Komiak and Benbasat's [23] classification of trust development phases, in an effort to determine how trust evolves and to identify the factors that contribute to the evolution of trust over time [46], particularly in the context of multi-channel retailers.

2.3. Product uncertainty

In previous studies of e-commerce, the concept of trust is associated with products that can be readily described through search attributes and for which little product uncertainty exists – books and CDs are two excellent examples of this [13]. This paradigm, however, cannot be generalized to the experience products category in which the experiences of customers are critical to their perceptions of product quality and characteristics. This is particularly pronounced in online environments where it is not nearly as simple for retailers to convey to the customer the characteristics of a product [13]. This implies that, in the online shopping context, the ways in which customers interact with online retailers and form trust in the retailer's online operations must necessarily differ with different product types [18].

Although trust is known to depend on the type of products being purchased online, researchers have neglected thus far to elucidate why and how online trust development differs for certain product types. Hence, this study assesses the development of trust under different product uncertainties as e-commerce progresses from primarily offering search products to offering experience products.

3. Research model and theoretical development

With greater understanding of previous research concerning trust and the necessity of assessing the longitudinal development of trust in the context of multi-channel retailers under varying degrees of product uncertainty, we have developed a comprehensive research model for both the before-interaction phase and the initial-interaction phase, as shown in Fig. 1. The before-interaction phase (BI) is defined as the period prior to the customer's initial visit to the website of the multi-channel retailer [23] whereas the initial-interaction phase (II) spans the period following the customer's first visit, but prior to the customer's initial online purchase [24].

Because trust is a strong and positive predictor of a customer's intention to purchase, which is in turn a good predictor of purchasing [28], and as major antecedents of trust have been supported in a variety of previous studies, this study concentrates more on testing hypotheses regarding the unique features of multi-channel retailers, comparisons between BI and II, and the moderating functions of different product types.

3.1. Antecedents of trust

Many studies have attempted to categorize antecedents of customer trust. However, Kim [22] previously proposed a simple category after a careful review of the diverse trust antecedents and their category literature. He argued that trust is built either by self-perception predicated on direct experience or interaction with a trustee, or is transferred from a trusted entity to another entity. Because this classification is not only easier to understand but also parsimonious, we have adopted his viewpoint with only slight modification in this study, in an effort to identify the major antecedents of trust. The antecedents of online trust are categorized in this study by combining the self-perception-based and the transference-based forms of trust elucidated in Kim's study [22], as well as the calculus-based trust concept to reflect the characteristics of the multi-channel retailer context; cross-channel sanctions in particular [1,27].

3.2. The multi-channel retailer context

The research model in Fig. 1 contains four antecedents of trust at BI and one additional antecedent, Perceived Website Quality (PWQ), at II. There are no self-perception based antecedents at BI because a customer in BI has had no direct experience or interaction with the website of a multi-channel retailer. Rather, two well-known transference-based antecedents – structural assurance of the Internet

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