

Trust in consumer-to-consumer electronic commerce

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Abstract

We developed a model of consumer-to-consumer (C2C) e-commerce trust and tested it. We expected that two influences: internal (natural propensity to trust [NPT] and perception of web site quality [PWSQ]) and external (other's trust of buyers/sellers [OTBS] and third party recognition [TPR]) would affect an individual's trust in C2C e-commerce. However contrary to studies of other types of e-commerce, support was only found for PWSQ and TPR; we therefore discussed possible reasons for this contradiction. Suggestions are made of ways to help e-commerce site developers provide a trustworthy atmosphere and identify trustworthy consumers.

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1. Introduction

Consumer-to-consumer (C2C) e-commerce, which includes the use of online auctions, web forums, chat rooms, and third party consumer listings, has been found to be more popular than the business-to-consumer (B2C) e-commerce counterpart [41]. Differences have been found between C2C e-commerce and B2C e-commerce in previous research suggesting that B2C e-commerce methods cannot be utilized in C2C e-commerce [16]. C2C e-commerce has thus proven to be a distinct area of research, requiring new models of operation.

Mayer et al. [21] defined trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party”. Trust is related to competence, responsibility, dependability, likeability, and honesty [36], and is important because it helps consumers overcome perceptions of uncertainty and risk and use online transactions. E-commerce is still a relatively new concept to most people and since trust increases with

familiarity, it is important to find ways to encourage consumers to continuously use e-commerce. Understanding how consumers frame trust of e-commerce and establishing a trust model can enhance our ability to do this. In C2C e-commerce, trust must be felt by both buyers and sellers; they must be both trustors and trustees.

This study considered two areas that can influence a person's trust: internal and external. Internal influences consist of a person's natural propensity to trust and a person's perception of the web site quality in past C2C e-commerce transactions. External influences consist of other people's trust of the buyer and/or seller and their recognition by third party institutions. Data was collected from 52 respondents about their experience as either the buyer or seller in a C2C e-commerce transaction.

2. Background and research model

McKnight et al. [22] have attempted to define trust using a model. Their model posits that trusting intentions will be influenced by disposition to trust, institution-based trust, and trusting beliefs. *Disposition to trust* is the willingness or tendency to depend on others; it is composed of faith in humanity (the belief that others are dependable and well

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meaning and trusting) and trusting stance (the belief that better outcomes result when a person assumes that he or she is dealing with a person who is well meaning and dependable). Interactions with individuals having different dispositions to trust may require different trust-building strategies. *Institution-based trust* is the belief that structural conditions exist to increase the likelihood of a successful activity. Therefore, institution-based trust depends on structural assurance and situational normality. *Structural assurance* is the belief that structures ensure regulations, guarantees, promises, and legal remedy, and *situational normality* is the belief that the environment is in proper order and success will occur as a result. Institution-based trust can be important for consumers to ensure mutual security on the Web. Trusting beliefs is one's confidence in the trustee (i.e., the buyer or seller). Trusting beliefs center on competence (ability to do what is needed), benevolence (motivation and care to do what is needed), and integrity (honesty). Trusting intentions is one's willingness to depend on the trustee and engage in the trust related behavior. One's willingness to depend on the buyer/seller and one's probability of depending on the buyer/seller constitute trusting intentions.

Trust has been found to have an influence on a customer's willingness to purchase online [11], and Mayer et al. offered it as an influencer of the overall transaction outcome. Gavish and Tucci [10] studied one form of C2C e-commerce – online auctions – in terms of the number of fraudulent activities occurring. Their results indicated fraudulent activity levels well above those reported by auction site operators, providing validity to customers' hesitation to trust in that environment. Dimensions of consumer trust in e-commerce, in general, have also been proposed [3]. Chen and Dhillon utilized many of the constructs introduced by McKnight et al. in their assessment of e-commerce trust dimensions.

Our study focused on C2C e-commerce trust and its influencers, and proposed that both internal (i.e., natural propensity to trust (NPT) and perception of web site quality (PWSQ)) and external ((OTBS) and third party recognition (TPR)) factors influenced it. The research model is presented in Fig. 1.

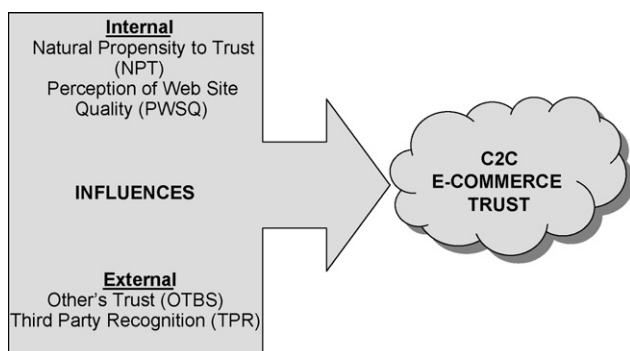


Fig. 1. C2C trust model.

2.1. Natural propensity to trust—NPT

Base trust, or NPT, is an individual's general willingness to depend on others [18]. McKnight et al. saw trust in terms of faith in humanity and trusting stance. Therefore, one's NPT refers to an individual's faith in humanity and trusting stance. We therefore looked at trust in general. Consumers vary in their ability to trust others, which affects their trust in online shopping [19]. NPT therefore can be affected by the amount of information that the customer has about the seller at the time of the purchase as well as any previous experiences. Many e-commerce studies have considered NPT in different settings—virtual teams, entrepreneurial Internet ventures, Internet banking, etc. These studies showed that trust propensity was an important variable in C2C e-commerce trust.

“Some consumers exhibit a greater disposition to trust anything and anybody and are more likely to trust a Web vendor despite having only a limited set of information” [30]. Jarvenpaa et al. [15] studied antecedents to trust in a global virtual team setting. They found that a team member's own propensity to trust had a significant effect on the team. Also, Murphy [25] sought to determine how entrepreneurial Internet ventures could obtain trust from Web users. He found that one's NPT would significantly impact perceived ability and benevolence when an individual had limited experience online.

Kim and Prabhakar [17] studied NPT in Internet banking and found that initial trust in an electronic channel was significantly predicted by propensity to trust, structural assurance, and word-of-mouth referrals. Gill et al. [12] examined antecedents of trust intention. They not only found that trust intention was predicted by perceived ability, benevolence, and integrity of the trustee, but also that NPT was correlated with trust intention when trustworthiness information was ambiguous but not when trustworthiness information was clear.

However, Hampton-Sosa and Koufaris [14], with a sample of undergraduate and graduate students, studied the relationship between NPT and initial trust, and other variables. The students were told to access a web site to look for either a laptop or airline ticket (depending on the site given) and then asked to answer an online questionnaire regarding trust. They found no significant relationship between NPT and initial trust.

Based on these studies, we proposed the following:

H1a. A person's natural propensity to trust will influence that person's trust in C2C e-commerce.

2.2. Perception of web site quality

Experts have speculated that the biggest threat to e-commerce is not the security of personal information but the perceptions of consumers [31]. McKnight et al. suggested that an individual's perceptions of the environment would

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