Learning To Trust E-Tailers: Strategies Used By Consumers

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ABSTRACT

This article draws on a phenomenological study of understanding six early adopters' successful online shopping experiences. Narratives of their online purchasing experiences suggest that learning to trust e-tailers is a complex process shaped by such factors as their self-identities, risk awareness, and technical and brand knowledge. This article summarises the strategies the six participants used to gain trust with e-tailers to overcome their perceived risks and fears of purchasing online.

ARTICLE

Introduction

Consumers' attitudes toward online shopping and their intentions to shop on the Internet are influenced by a number of factors: ease of use, usefulness, enjoyment, consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping (Perea y Monsuwe, Dellaert, and de Ruyter, 2004). The last factor, consumer trust, is claimed to be an essential element for the success of electronic commerce. Lack of trust, however, is one of the most frequently cited reasons for consumers not shopping on the Internet (Lee and Turban, 2001). To date, research on understanding website trust (Yoon, 2002) and consumers' relationships with e-tailers (Kolsaker and Payne, 2002) is limited. This article examines the strategies used by online customers to learn how to trust e-tailers.

Method

A purposeful critical-case sampling was used to select three men and three women, all who had successful online purchasing experiences, to participate in the study. They ranged in age from 19 to 28 and varied in their interest and technical knowledge of computing. Mark and Hayden had extensive technical backgrounds, Brad and Mila had moderate expertise, while Helena and Shona had limited interest in and technical knowledge of computing. Interviews were guided by participants' stories of their online shopping experiences. The interviews, which lasted between 2 ½ and 4 hours, were taped and transcribed verbatim. A description (recounting the essence of the experiences) – reduction (theme identification) – interpretation (hermeneutic reflection) procedure (Lanigan, 1988, cited in Wolff, 1999) was

used to analyse the participants' experiences. Three main themes: learning to trust, sharing, and self-identity, were identified. This article addresses the first theme – learning to trust. It describes the six participants' fears of shopping online and the methods they used to gain trust. Quotes from the participants are used to illustrate the essence of these identified fears and methods.

Learning To Trust

All participants told stories about their concerns of purchasing online – highlighting their fears of being swindled or cheated. They felt (and often still feel) nervous about either using their credit cards and/or not receiving the quality products ordered:

> It was 1997 and online purchasing was still pretty much in its infancy. So I was a bit worried about using it…. No one I knew had purchased online before. So I thought it was kind of risky. Like whether they would charge me the right amount, and what if there were problems and so on? (Mark)

> I felt worried using my credit card online…. Just the safety I guess of exposing my details…. Like how safe is it? (Helena)

Not only were the participants concerned with the "security" and "e-tailer abuse" of their credit cards, they felt anxious about the "honesty" and "credibility" of e-tailers' products and services:

> One thing I considered [when deciding to purchase the computer] was whether they [e-tailers] had the potential to rip me off and lie about the specs. (Mark)

> I worried about their honesty, like would they send me a hard drive that worked? I was a little hesitant…. I had to deposit the cash up front so I did wonder, 'Does that site belong to a computer shop or some dodgy guy?' …. I wasn't really concerned with security, because I could check all that out…. What I was worried about was delivery. Like, how long it would take to get here? How safe their packaging was. (Hayden)

Brad also noted his discomfort in the part he might play in creating an unsuccessful attempt to purchase online:

> I was hesitant at first because I felt uneasy….. 'Did I make the order properly? What if I screwed up something?'

To overcome their anxieties and fear, participants used an assortment of methods to help them trust e-tailers. These methods are discussed in more detail.

Learning to Trust E-tailers

The main themes which emerged for learning to trust an e-tailer were checking payment security, gaining product information, checking the ordering process, using brand knowledge, receiving advice from experienced friends or others, using expert referrals, and assessing website structure, functionality and image.

Checking Payment Security

Five of the participants checked for secure payment processes before they purchased online. The methods and level of detail used to help overcome credit card security fears, however, varied for each participant. For Mark and Hayden, the use of 128 bit encryption by e-tailers is a "huge" indicator of their propensity to trust them. For example, Mark said:

> I wouldn't really buy anything from a site that didn't have encryption…. Even though the potential to be ripped off is pretty small… it's a big thing for me…. If people don't know how to properly handle my credit card numbers, I wouldn't trust them.

Mila, Helena and Shona knew little about the technical details and workings of encryption. Instead of searching for specific encryption, Mila and Helena look for security symbols:

> What makes a site more legitimate is the security features…. Like whether they have *VeriSign* …. They reassure me that sites are secure…. Usually I just look for the little padlock (Mila)

> I knew that the 'little lock' meant it was 128 bit secure… I don't know what it means, … just that it's safe…. Otherwise, hackers could see the details of my credit cards and use my numbers. (Helena)

Shona, however, embraces her professional hacker friend's advice. She was advised to:

> 'Stick to sites that have large amounts of orders going through. They have more money … so they tend to offer higher security levels.'

Despite having a reasonable amount of technical knowledge, Brad does not usually check payment security details. He explained that this is due to the nature of his purchases to date:

> I have generally only purchased from large organisations. So I haven't had to check how secure sites are. I am aware of the details and would probably check if I hadn't heard of the company….

Gaining Adequate and Accurate Product Information

Mark and Hayden used their technical knowledge to make sense of computer product specifications provided by e-tailers. This enabled them to judge the legitimacy of the computer products being offered online, and subsequently, the e-tailer's authenticity. As noted by Hayden:

> When I was considering buying a hard drive from the 'garage style shop', I looked up the exact specifications of his products online to find out exactly what they were meant to do and how good the model was…. I will know if someone is trying to rip me off because I don't think that some thieves actually understand exactly what each part of a computer is worth. (Hayden)

Checking the Ordering Process

Although Hayden and Mila's motivations for checking out the ordering process were different, both wanted to alleviate their concerns of purchasing from the e-tailer. Hayden thinks credible e-tailers should have a "well designed and easy to follow" ordering system to provide consumers with a sense of control and protection. Mila checked *J. Crew*'s ordering process to ensure she was capable of using the system:

I actually went through the purchase scenario…. Like all the way up to the final purchasing bit to see what they were asking for, what they needed, and how they went about it…. Understanding the process made me feel more at ease.

Making Inexpensive Purchases

Mark, Mila and Hayden all made inexpensive initial purchases to test the ordering, delivery and/or billing processes. They explained how it was important to "build a relationship" through reliable services to feel reassured about the e-tailer's payment and delivery processes. This reassurance led to future purchases:

I just started off small buying one CD to begin with…. If the deal had gone sour, I wouldn't have been losing a great deal. Once they delivered several times within the time frame, I trusted them more and started making more serious purchases… buying in bulk. (Mark)

Before I made a big purchase…, I started with a little purchase to test the company out…. [Although I was familiar with the brand,] I wanted to see how reliable they were. Like, how long it took to deliver and whether it was well packaged…. The pants arrived within the time frame. There was a return package to send them back if I wasn't happy…. I was impressed…. The next time, I didn't hesitate to purchase from them…. (Mila)

Assessing Website Structure and Functionality

Hayden and Shona used website structure and functionality to indicate the credibility of e-tailers. Shona described in detail how website layout and functionality contributed to her feelings of trusting the company:

I think how the website is set out is important for trust…. Th[is]… site, for example, it's terrible! Like it's just a scanned copy of the magazine with no links, nothing…. I think it's the way it's laid out…. [I'd have a] hard time trusting e-tailers whose websites were not clearly structured. If they can't design an 'easy to follow' layout, then how reliable are they going to be? [And for this, other website that]…. had broken links…. I thought, 'Well, if it's been released to the public and it's still under construction, then how secure is it?'

In comparison, Shona noted how the impressive layout of *Red Envelope's* website added credibility to their service:

It was beautifully laid out…. It had like a picture of each individual gift and you clicked on the picture and it made it bigger and gave you a clear description. It was very user friendly and had clear categories that you could choose from…. The good design made them seem more credible.

Using Brand Knowledge

Brad, Mila, Helena and Shona described how brands with excellent reputations helped reduce their fears when purchasing from e-tailers. For example:

I don't know how I first heard about them [*Southwest Airlines*], but generally people have always said that they offered a good service for a pretty good price…. I saw them as being pretty safe to go through. (Mila)

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Well I had never entered my credit card on the Internet before so I was a bit (groans) anxious about it…. I thought about it for a couple of days, and then I was like, 'Ok, it's the Oprah site. It's got to be safe'. (Shona)

The brand familiarity of e-tailers with a brick and mortar presence also helped them feel safe:

I had shopped at the local store before so I knew the brand and their clothing style. (Mila)

I don't like *FTV Floral* in all honesty…but because I knew the store, I am quite happy to use them…. Like, it's not that their website is going to be any more secure… it's just the familiarity that makes me trust the flowers will get there. (Shona)

Brad and Helena perceived established companies with well known online brands to be safe:

I trusted *Amazon* implicitly because they are such a big company…. They have … millions of customers and … a really good name. I perceived the risk as being really low. (Brad)

I didn't have any worries buying from *CD Now* because it was well known. It wasn't just an 'el-cheapo'…. It was up there in terms of credibility with *Amazon*… so I trusted them. (Helena)

Receiving Advice from Experienced Friends / Others
Just as Shona and Mila received advice about credit card security from friends and family, Hayden and Brad sought advice from friends and others who had purchased online. All felt reassured to order from the e-tailer:

Bryan made purchases from them all the time…. He praised their good prices, good delivery and good hardware…. So I thought, 'Hey I'll give it a go'. In fact, I didn't hesitate after I heard how efficient their service was. (Hayden)

There were a lot of positive comments from other people that had traded with him [on *eBay*]…. Because of the positive feedback I saw him as being reputable. (Brad)

Using Expert Referrals
Helena and Shona used the recommendations made by credible celebrities and/or magazines to find e-tailers that sold products of interest.

Oprah often talked about different products on the show, and the websites where you could purchase them from were included in her magazine. So, because of that, I saw them as being credible. **(**Shona)

When I got my photos developed [online] through *FrogPrints* they gave me a free copy of the magazine…. *Vision Direct* was one of them [NZ businesses listed online]. And I needed new contacts, so I thought that I would go and have a look…. The *Net Guide* added more credibility, and it's pretty well grounded. I felt pretty safe to use them. (Helena)

Assessing Website Image

Helena, Mila and Shona each commented on how the image or 'visual appeal' of a website was an important indicator of trust:

> [Although I don't intentionally look at the website image]… if it looks like a crappy site, then you don't really want to purchase from them. (Helena)

> I looked for how professional the appearance was. The professional image made it look more legitimate …. Like, their website kept with the image of the company. (Mila)

> There are some sites where I am like, 'No, cheesy, Arial font'…. They don't inspire confidence to buy at all. (Shona)

Discussion and Conclusions

All six participants shopped online to achieve their goals (e.g., cheaper prices, added convenience and product novelty) despite their perceived risks of credit card fraud and not receiving appropriate products and services. They, however, were and still are concerned with being able to trust the e-tailer. A number of methods were identified that the six participants used to gain trust with e-tailers and cope with their uncertainty, including checking payment security, gaining product information, checking the ordering process, making inexpensive purchases, using brand knowledge, asking friends and others for advice, using expert referrals, and assessing website structure, functionality and image. These findings lend support to previous research (e.g., Yoon, 2002; Salisbury et al., 2001; Shim et al., 2001) that found risk relievers, such as brand image, payment security, website design and word-of-mouth from friends and experts are important to alleviate online purchasing fears.

These findings suggest that participants use different methods as a basis for learning to trust e-tailers. Technical and/or brand knowledge best illustrate how the participants in this study learnt to trust e-tailers. The participants with high technical knowledge used it as a basis to alleviate security payment concerns and judge the credibility of e-tailers. They looked for in-depth information about encryption for credit card security, and website structure and functionality, product specifications, and ordering and delivery processes for information on an e-tailer's honesty and credibility.

For participants with moderate technical expertise, brand knowledge appeared to be more important than technical knowledge in their decision to trust the e-tailer. Despite having a considerable amount of technical knowledge, they relied on purchasing from well-known, large e-tailers and advice from friends. They assumed that well-known and recommended e-tailers would have secure payment systems, but they tried out the ordering and delivery systems by making inexpensive purchases to feel more confident about purchasing online. They also compensated for lack of technical knowledge by using three outcome methods: website image, excellent brand reputation, and brick and mortar brand familiarity.

The less-technical participants relied on their knowledge about brands to learn to trust e-tailers. Payment security, however, was important for them. They used symbols rather than

encryption details to ensure credit card safety. Familiarity of brands with excellent reputations, brick and mortar stores with an Internet presence, and popular online vendors helped alleviate many of their concerns. They also looked for congruity between brand image and website design including structure, functionality and/or image impacting on their perceptions of an e-tailer's credibility.

These results provide some insights in helping e-tailers to communicate their trustworthiness and consumers to learn strategies that will facilitate trust and comfort with shopping online. For consumers to gain benefits from shopping online, such as lower prices, convenience and greater variety of products, they must overcome their distrust of e-commerce. The stories of these participants' successful online shopping experiences illustrate that consumers need to build positive relations with e-tailers to dissolve their fears and distrust. Not until consumers trust e-commerce payment systems will they feel secure to build trusting relations with specific e-tailers. While building trust in e-commerce is a difficult and dynamic complex process, this research provides consumers with descriptive stories and methods that can help them with the process. This research suggests that consumers build trust experiencing an e-tailer's credibility, honesty and benevolence. It is the small and cumulative successful online purchases that strengthened their beliefs of honest, credible and benevolent e-tailers.

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