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Factors Affecting Initial Trust in an Online Shopping

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Keywords: website reputation, product review, initial trust, purchase intention

With the rapid growth of online retailing, consumers have a vast number of websites to choose from when shopping online. While multichannel retailers that expanded online based off their successful brick-and-mortar or catalog operations benefited from their existing customer bases and brand/retailer names, many pure e-retailers have been challenged by their lack of brand equity in the market. Due to lower barriers to market entry, a number of new online businesses are flourishing, yet only a small fraction of them can survive in the competitive online market. One of the key challenges for a new business is the lack of initial trust between the e-retailer and the consumer. Building initial trust can be especially challenging in the online context because there is no physical store for people to visit. Focusing on ways in which to build initial trust in an online context, this study aims to examine factors affecting initial trust, specifically website reputation and product reviews.

This study builds on cue utilization theory (Olson & Jacoby, 1972) suggesting that a product conveys intrinsic and extrinsic cues signaling its quality to consumers. In an online context, consumers tend to rely more on extrinsic cues (e.g., price and brand reputation) for trustworthiness because they cannot examine intrinsic cues (e.g., fabric quality) directly (Hu et al., 2010). Thus, this study investigates two extrinsic cues (website reputation and product review) that may ‘signal’ the trustworthiness of a given website.

One of the most important aspects of quality perceptions for consumers is trustworthiness of a website (Hu et al., 2010). In an online context, Koufaris and Hampton-Sosa (2004) defined initial trust as the willingness to rely on a website after the first visit and found a positive relationship between consumers’ perceived website reputation and initial trust. In addition to the website reputation, consumers’ feeling of social presence from product reviews influences initial trust, which in turn increase purchase intention (Brengman & Karimov, 2012; Kumar and Benbasat, 2006). Thus, when consumers visit an unknown website, the presence of product reviews may increase their initial trust toward the website. Based on the theory and literature reviews, the following hypotheses were developed: (H1) website reputation will increase initial trust; (H2) the presence of product reviews will increase initial trust; (H3) website reputation and the presence of product reviews will interact to influence initial trust; (H4) consumers’ initial trust and purchase intention are positively related.

The experiment used a 2 (website reputation: well-known vs. unknown) x 2 (product reviews: presence vs. absence) between-subject factorial design. Four mock websites were created; a pair of jeans was presented (1) with product reviews (star rating) and (2) without product reviews on a well-known website (Zappos.com), and a pair of jeans was presented (3) with product reviews and (4) without product reviews on an unknown website (InterPark.com). Manipulation check showed that manipulation of website reputation was successful. Also, most
participants who were exposed to the conditions with product reviews noticed the presence of the star ratings (91.31%). Measures of initial trust (5 items), perceived risk (7 items), and purchase intention (3 items) with established reliabilities (Cronbach’s alphas > .82) were adopted from prior studies. All items had 7-point Likert type response formats.

A convenience sample of 138 college women participated in a web experiment. After browsing the mock website reflecting one of the four experimental conditions, research participants completed measures of dependent variables. Reliabilities of the scales ranged from .85 to .96. ANOVAs showed main effects for website reputation \( F(1, 134) = 53.79, p < .001 \) and product review \( F(1, 134) = 4.69, p < .05 \) on initial trust and interaction effect of website reputation by product review on initial trust \( F(1, 134) = 4.21, p < .05 \). Participants exhibited greater initial trust when exposed to the well-known website than the unknown website and when exposed to the website with product reviews than without product reviews. When the website was well-known, the presence of product reviews did not influence participants’ initial trust. However, when the website was unknown, the presence of product reviews significantly increased initial trust \( F(1, 134) = 9.47, p < .01 \) (\( M = 4.56, SD = 1.34 \) vs. \( M = 3.71, SD = 1.21 \)). With regard to H4 predicting relationships between initial trust and purchase intention, simple regression analysis showed that there was a positive relationship \( F(1, 136) = 72.70, \beta = .71, p < .001 \). All hypotheses were supported.

The findings of the study provide empirical support for the cue utilization theory. The results suggest that both website reputation and the presence of product reviews are significant factors influencing consumers’ initial trust. When a website was unknown to consumers, the presence of product reviews was an important aspect enhancing consumers’ initial trust. However, when a website was well-known to consumers, the effect of product reviews was not significant. As predicted, website reputation is critical in affecting consumers’ initial trust. However, new e-retailers can compensate for lack of reputation with other attributes, such as product reviews, that have been found to impact initial trust and purchase intention. Future research should look at other aspects of product reviews, such as what aspects of product reviews influence consumers’ trustworthiness.

References


