

CUSTOMER TRUST IN ELECTRONIC COMMERCE: AN OVERVIEW

Dr. (Smt.) Rajeshwari M. Shettar

Associate Professors, Department of Commerce

Shri Hurakadli Ajja Shikshan Samiti's

Smt. K. S. Jigalur Arts and Dr. (Smt.) S. M. Sheshgiri Commerce College for Women, DHARWAD-8.

Corresponding Author: Dr. (Smt.) Rajeshwari M. Shettar

Abstract: Under electronic commerce platform, where the vendor and the customers merely interest with each other, the trust is undeniably the most important factor for the customers to perform the transactions online. Trustworthiness is a measure for the customers, service providers and communities an assurance and advice to select a particular electronic commerce platform that helps in minimizing the risk of fraud. This paper attempts to study the key elements of trust in e-commerce, understanding of customer trust, techniques to promote trust and means to build customer trust in electronic commerce. The study is based on secondary data. The study found that, fulfilling and completing an online order is the major requirement that facilitate trust building in electronic commerce. The study also found that, every customer would like to make orders that are free from any form of complication or hassle. The paper concludes with future work and conclusion.

Key Words: Electronic Commerce, Customer Trust.

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I. INTRODUCTION

Internet has become one of the most important factors of every one's life. There are billions and billions of internet users increasing every day. Shopping with electronic commerce sites has also become an integral part of our routine life. Large varieties of options are available on a single click because of electronic commerce. Trust in online site strongly affects customers buying decision. E-business is spreading its wings rapidly over the traditional business worldwide. Ease and comfort for the purchasers, secured transactions are the important benefits of electronic commerce. Trust is an important factor in any social relationship and especially in e-business. In traditional business, the purchaser can often see both the vendor and the commodity, verify its quality, negotiate and bargain with the vendor. Hence, it is possible for each of them to assess the trustworthiness of each other and the purchaser to be convinced about the commodity goodness. There is a lack of direct trust assessment in the e-commerce. E-commerce does not have any direct assessment of trust to it, so the users of it refer to the reviews of the commodity, in order to conceive their own trust and reputation experience. Feedbacks scores, recommendations and any other information given by users are very important for the trust reputation assessment. Only the genuine review is taken into consideration for the reliability. So, the need of the hour for the vendors and purchasers is to implement the importance of Trust Reputation System (TRS).

There is lack of trust in electronic commerce. Online customers do not always trust web shops. Here it is not possible to know who are behind the web shop and not possible to touch and feel the product. There is no single solution that makes a shop trustworthy. Different techniques are used by web shop designer to increase trustworthiness of their shops. Such techniques are using professional layout, having users' feedback, using advertisement and third party certification. Trustmark's are designed by Trustmark organizations in order to increase customers trust in electronic commerce. These organizations certify online retailers, regularly audit them and resolve disputes between shoppers. Trust is required because there are not only risks but also many uncertainties in the life. Hence, uncertainties and trust are the two sides of the same coin. Trust online is more complex than trust in the real world. Due to lack of identities online and inscrutable contexts it involves more uncertainties and risks. Hence, there are mechanisms designed in order to encourage users to trust online. Trust marks are an example of such mechanism. The electronic commerce has demonstrated to be an alternative for customers who gradually have transformed their traditional business activities. However, the lack of trust creates a barrier in the adoption of e-commerce. Here, the customers being unable to touch the product or interact, before making decision to buy the commodity.

II. OBJECTIVES OF THE STUDY

1. To study the key elements of trust in electronic commerce.
2. To study the electronic commerce trust parties.
3. To study the techniques to promote trust in electronic commerce.
4. To study the means to build customer trust in electronic commerce.

III. RESEARCH METHODOLOGY

The study is based on secondary data. The required data has been extracted from the various sources like research journals, periodicals, government publications, magazines, newspapers articles and the authenticated websites.

IV. REVIEW OF LITERATURE

- ★ **Ismaila Bojang (2017)** the article entitled “Determinants of Trust in B2C E-commerce and their Relationship with Consumer Online Trust: A Case of Ekaterinburg, Russian Federation”. The aim of this research was to investigate specific determinants or factors that influence consumer online trust in the B2C e-commerce with a focus of Ekaterinburg, Russian Federation consumers. A sampling technique was adopted in carrying out the survey. Questionnaires were distributed to the target respondents and the data was analyzed using SPSS version 24. The study found that, perceived security has the greatest influence on online trust for Ekaterinburg’s consumer. The study also found that, e-commerce consumer population considers that the factors to be very imperative in engendering their trust in the virtual B2C e-commerce environment.
- ★ **Gigi Mol and Sincy John (2017)** the article entitled “A Trustworthy Model in E-Commerce by Mining Feedback Comments”. The objective of this paper is to resolve the problem of false reputation i.e. the problem of being manipulated by unfair ratings. For this, a true reputation based algorithm is proposed based on the confidence of the customer. The study found that, this system helps to identify the malicious users and reduces their impact on computing the trust score either to increase their own reputation or to decrease the reputation of the competitors. The study also found that, it helps in finding the individual dimensional score for each product which in turn helps in self improvement of the areas where the product is lagging.
- ★ **Yen-Jo Kiang (2016)** the article entitled “An Empirical Study of Customer Value, Customer Trust and Customer Loyalty based on E-commerce”. This paper integrating the analysis of e-commerce with 244 questionnaires and validating the data with statistical analysis methods, this study provides e-commerce business owners with suggestions on marketing strategies and proposes future directions for subsequent research based on the research findings. The study found that, if e-commerce operators are not fully aware of the characteristics of e-generation consumers, if website operators lack the necessary competitive edge or if the internet based transaction mechanism is not secure, consumers may not be attracted to or continue their on line shopping.
- ★ **Nuno Fortes and Paulo Ritas (2016)** the article entitled “Privacy concerns and online purchasing behavior: Towards an integrated model”. This study aims to analyze how privacy concerns about the internet have an impact on the consumer’s intention to make online purchases. The empirical study was based on an online survey that collected data from 900 individuals. The study found that, the intention to use the e-commerce suffers the positive impact of perceived usefulness, perceived behavioral control and attitude.

V. SIX PILLARS OF TRUST

1. Capabilities or competencies of trustee.
2. Principles and standards of practice.
3. Expectations of the trustee from benefits obtainable from trust.
4. Situation or context in which the concept of trust is placed.
5. Dynamic nature of trust.
6. Compliance risk adventure.

VI. FEATURES OF TRUST

- ❖ **Trustier and Trustee:** There are two specific parties in any trust based relationship i.e. trustier and trustee. These two roles of trust can a charge on a person, a company or a product. Develop trust based on the ability to trustee to perform activities is according to the trustier interest.
- ❖ **Vulnerability or Risk Acceptance:** Trust may be manifested only when the environment is uncertain and risky and trustier present them as vulnerable. Because of the complexity and uncertainty in e-commerce

vendors behavior may be unpredictable on the internet. Customers are often uncertain about the risks and their full consequences when transacting online. In e-commerce even the customer only evaluate a website without buying, data may be automatically collected on their browsing and later misused.

- ❖ **Behavior of trust:** Trust leads to actions and behaviors that are often associated with the risk. The form and type of action depends on the concerned position and this behavior can be tangible or intangible. Customer trust in e-commerce can lead to two types of action;
 1. Virtual buy that is associated with presenting credit card and personal information.
 2. Watching electronic stores. These actions can lead to positive outcomes for electronic retailers that can be seen as potential sale.
- ❖ **Subjectivity:** Trust is subjective matter directly related to and affected by the difference between personal and environmental factors. Different persons evaluated the role trust in different scenario and they have different attitude towards the technology. Just like traditional business trust was associated with individual differences and situational factors. Online e-business is inherently a personal choice. Trust in virtual as well as in real environment is a subjective concept. Due to the individual differences the level of trust needed to build transactions.

VII. ELECTRONIC COMMERCE TRUST PARTIES

There are three main parties to determine customer trust levels:

- **Customer:** Without questioning the veracity and trustworthiness of the vendor, nobody purchase the product from the vendor. Customers have to establish trust before interacting with a vendor to acquire their products and service. Individual customers will differ in their trusting personality features and the speed at which they achieve the trust level required for doing transactions in e-commerce.
- **Vendors:** They are trying to build trust among the customers to sell their products or services. Vendors may have both physical and an online presence, which results to be more successful as compared to solely operate in e-commerce. Customers who are familiar with the web store front as an extension of an established business might assume it to be more genuine, thereby having more trust in the vendor and his store.
- **Referees:** These are the third party individuals, groups or agents who provide vital unbiased information and recommendations on the trustworthiness about a particular vendor or customers. Like this trust seals are an important mediating factor in building e-commerce customer trust.

VIII. KEY ELEMENTS OF TRUST IN ELECTRONIC COMMERCE

- ✚ **Trustworthiness of an internet merchant:** The merchants become trustworthy if ability, integrity and benevolence in the relations merchants and customer take place.
- ✚ **Trustworthiness of the internet shopping medium:** This is trustworthiness of computer systems and internet technologies. Trust here is built during the interaction with computerized systems, technical competence, reliability and medium understanding.
- ✚ **Contextual factors:** Context of e-shopping is important for trust building. Issues of security and privacy ensured by technical means and by third party certification bodies and public key security infrastructure systems as perceptions.
- ✚ **Other factors:** Other factors like size of the internet merchant, demographic variables and prior related experience of the customers.

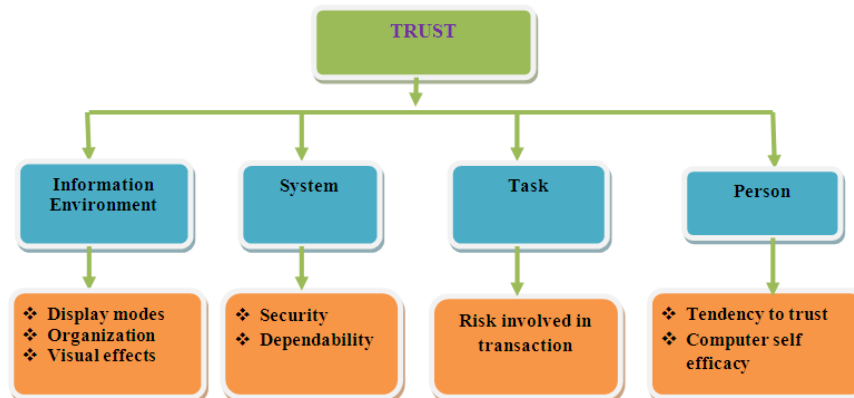
Trust in the online environment poses a number of challenges and contains specificities that cannot be ignored. Due to the unique features of e-commerce environment like inability to directly touch and see the product and lack of face to face interaction customer feel a lot of uncertainty and risk in buying decisions. This result in hesitation of many customers in expressing the behaviors those are required to wider dissemination of e-commerce. Hence, lack of trust is assumed as a strong barrier to the development of e-commerce.

Trust is seen as a vital component in e-commerce. Trust creates social atmosphere where organizations can work in that space. Trust is one of the ways to reduce social complexity and is replaced to regulation. Development of trust level in the organization increases the loyalty and reliability of the values in the organization. Contact with and organizations can benefit more and from the customer's perspective, higher levels of trust leads to greater commitment to customers. Building trust between the businesses to customer in e-commerce can be established a relationship based on mutual trust and facilitate and expedite the process of e-commerce and its growth.

IX. AN INTEGRATED MODEL OF TRUST

Model of trust consists of four dimensions as shown in figure. The four factors that affect trust in e-commerce are the individual, the system, the task and the information environment. Fundamentally, trust in an e-commerce is a function of the features of the person making the transaction, the online system, the task for

which the system is being used and the information environment. All these four dimensions influence the growth of trust in the e-commerce.



X. TECHNIQUES TO PROMOTE TRUST IN ELECTRONIC COMMERCE

- ★ **Marketing:** To create a convincing message around trustworthiness and to get it out to potential customers through marketing is an important technique to develop trust. Hence, marketing give the company a chance to convince potential customers that its website is legitimate.
- ★ **Community:** An effective means to communicate trust is mouth to mouth communication. Positive trust messages regarding a site or service can spread through good experiences of community.
- ★ **Trust Seals:** E-organizations must have seals. These seals made by putting a certifying body behind a particular mark to benefit from the certifying body’s trustworthiness. To use assurances of body’s trustworthiness, the certifying body has to grant seal approval.
- ★ **Education:** For potential customers, clarification regarding how a process, site or service works can often help to establish a basic confidence. Offering compelling educational material that explains things in a step by step manner can increase comfort.
- ★ **Transparency:** The best means to avoid damaging trust is, to be clear about the information. To facilitate direct communication between community members and to be sincere about the situations that appear and not hiding them.
- ★ **Code:** The proper code of site and services is a powerful mechanism for building trust. Since the actual code is not obvious to the users, they may rely on other visible elements like quality, user interface design, speed, reliability to get an impression of the trustworthiness.
- ★ **Dispute Resolution:** E-commerce dispute resolution offers a possibility for a negative trust experience. These disputes are to be resolved without that the member’s view of trustworthiness in the site or service is being considerable harmed.
- ★ **Protection:** A sense of trust can be established with the help of protection programmes. These programmes offer a safety net for members to lean on if something goes wrong.

XI. WAYS TO BUILD CUSTOMER TRUST IN ELECTRONIC COMMERCE

The whole mechanism of e-commerce functions on trust. Customer trust online stores to sell them genuine products, online stores trust customers to pay promptly and vendors trust store owners to give them their due. Winnings and maintaining customer trust is critical to e-commerce success.

- ★ **Be Transparent:** Transparency makes a business inviting to customers. In e-commerce, zero physical presence. The only connect our business can possibly maintain is through a digital medium like social pages and communities: Hence the need for business transparency is unusually high. The e-commerce shows a transparent business by showing the real people who run the show. Customers can easily understand and reciprocate the following:
 - ★ How quickly can they cancel an order?
 - ★ How long does it take for a refund?
 - ★ How will a returned item be picked up?
 - ★ Will an exchange be delivered for the returned goods?

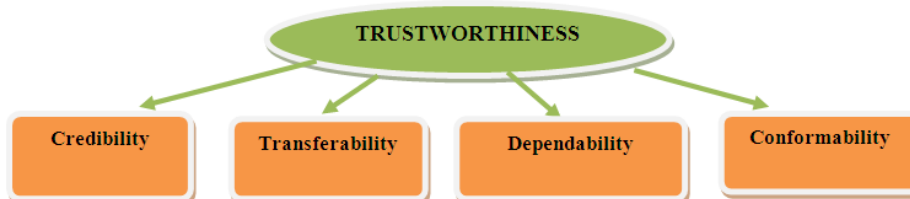
These are the some places where we can show business transparency in e-commerce.

- ★ **Don’t Push it:** It’s exciting to see people visiting our online store. It is quite natural to feel an urge to oversell our products with flashy banner advertisements and pop-ups. Such marketing gimmicks when done definitely a turnoff for customers. Keep them simple. Don’t push it and don’t force customers to turn them

down with effort. Serve our customers with targeted advertisements that hit their preferences and tastes directly. Such mode of advertizing has higher chances of conversion.

- ★ **Show our Trustworthy:** The biggest threat to customer trust in e-commerce is finding fake or counterfeit commodities. Web retailers like Amazon, eBuy, Target etc. are increasingly migrating to high def product images, videos etc. that give customers a detailed view of the commodity they are interested in. Display dealer credentials or genuine product seals that will instill trust in the minds of customers.
- ★ **Be Easily Reachable:** Defective products and customer returns are everyday happenings in the e-commerce. Customers trust those brands more makes things easy for them to return and get refunds. For providing the facilities the e-commerce required to know, which is the best media to reach the customer, in case of a query. Display the contact details like customer care number, email, live chat etc. prominently. The contact details page is clear and well defined leaving no room for doubt.
- ★ **Show Testimonials:** Customer trust in e-commerce reviews as much as they trust product or shop recommendations from their close friends. E-commerce reviews and recommendations have the tremendous power to influence buying decision of the customer. They are the proof that the products are genuine and have been already purchased by many customers. They send strong signals to an interested customer who wants to know the real worthiness of a product or service from a user who has already used the products.
- ★ **Be Social:** Social media has become a part and parcel of every individual. It proves that, e-commerce has wide spread social presence enjoy 32% higher average sales than others. It is easy to communicate using social messengers with social presence. There is a huge community of likeminded users. Brands cannot ignore queries or complaints raised against them in social circles. It creates an equal field of mutual discussion for both e-commerce and customers.
- ★ **Build Security:** One third of the customer refrain from shopping in e-commerce because they do not trust the safety of their credit card information. This is despite the advent of virtual card numbers and other cyber security measures. Web security is a huge factor that persuades a customer from e-commerce. If the websites are protected with an EV SSL certificate, then it will have all the trust signals that customers look for before taking decisions. These trust signals that include a green address bar and padlock symbol, website owner details and trust seals to be displayed on the website.
- ★ **Be Responsible:** As a business man whether it is traditional or e-commerce 100% responsible for customer satisfaction. Satisfied customers tend to be more loyal and attached to a brand than others. Loyal customers are 12 times as valuable as a new customer. It is easy to win the trust of the customer providing genuine products as shown and promised in the store, respecting the time and money, caring for their concerns and answering all their queries.
- ★ **Be Consistent:** Giving high importance in quality or quantity are the two important approaches in business. When we are consistent in our approach, customers know what to expect from us. Through conveying the brand message clearly, will have the right segment of customers coming for the products. Inexpensive products at affordable prices or branded products at a premium price are best way to serve.
- ★ **Seek Feedback:** Opportunity lies in the place where the complaints are there. Improvement is required in place of complaints. Be proactive in taking remedial actions that will make things easy for the customers. This will go a long way in making the customers trust the brand more. Loyalty and brand attachment are sure to follow once there is customers trust. Then, there is no looking back to make the customers believe and trust in the store.

Figure 1: Components of Trustworthiness



XII. RESPONDENTS WHO DO NOT TRUST ELECTRONIC COMMERCE COMPANIES

Table 1: Percentage of Respondents who do not trust e-commerce companies with their personal data

PARTICULARS	TOTALLY TRUSTWORTHY	CAN'T TRUST THEM AT ALL
Millennials	29.60%	44.40%
Decision Makers	18.10%	54.50%
Professionals	34.60%	34.60%
Fresher's	55.50%	33.30%

Source: Internet

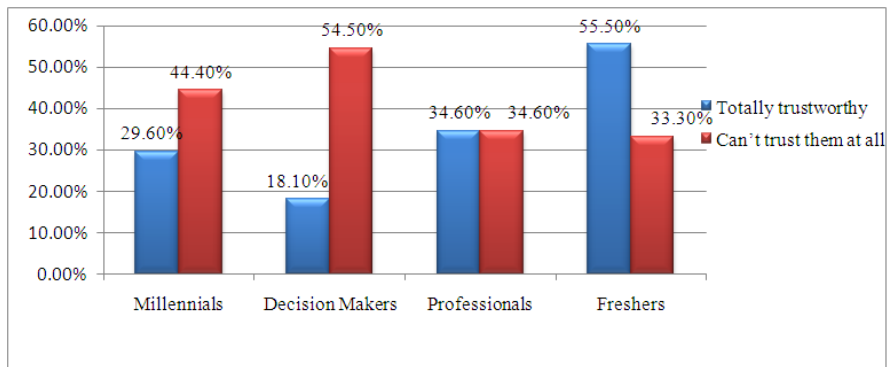


Table 2: Percentage of people who look for information but not purchase in e-commerce

PARTICULARS	PERCENTAGE OF PEOPLE
Lack of trust	99%
Fulfillment issues	77%
Shopping experience	69%
Want to see product	63%
No need for shopping	47%

Source: Internet

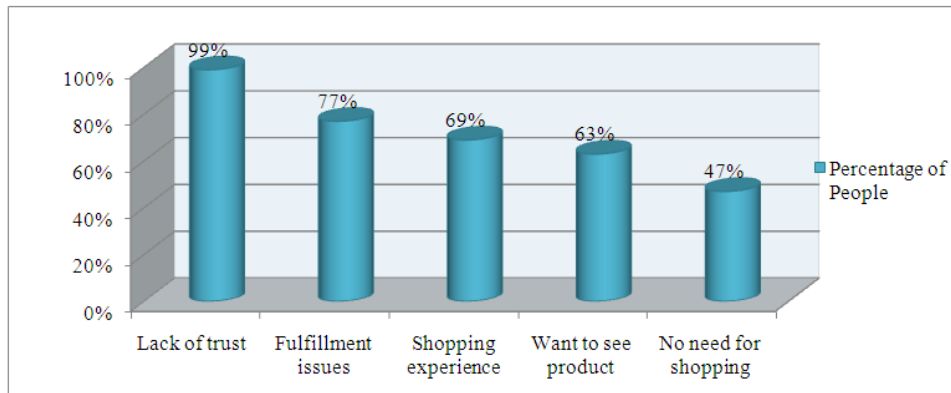
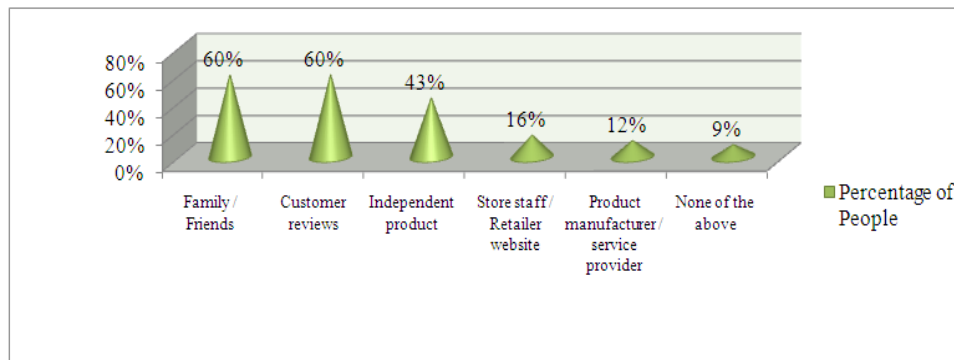


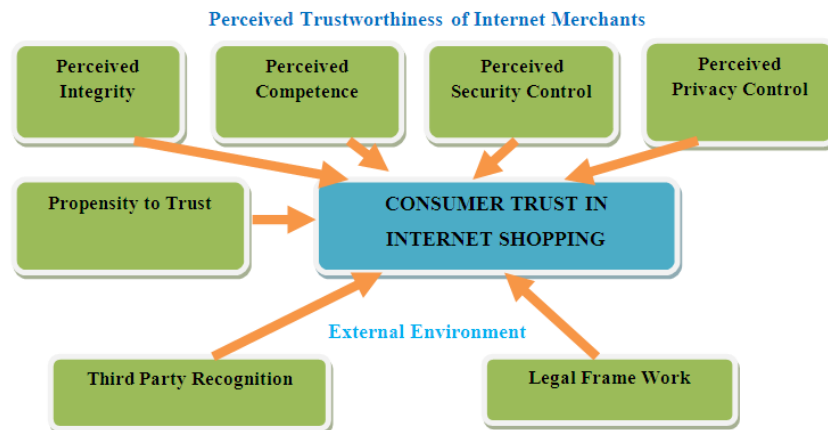
Table 3: Most trusted source of information on products and services in electronic commerce

PARTICULARS	PERCENTAGE OF PEOPLE
Family / Friends	60%
Customer reviews	60%
Independent product / service experts	43%
Store staff / Retailer website	16%
Product manufacturer / service provider	12%
None of the above	9%

Source: Internet



XIII. AN INTEGRATED MODEL OF CONSUMER TRUST IN INTERNET SHOPPING



XIV. FINDINGS OF THE STUDY

1. Building trust may heavily depend on the credibility assessment of the early customers.
2. Fulfilling and completing an online order is the major requirement that facilitate trust building. Every customer would like to make orders that are free from any form of complication or hassle.
3. Security and privacy are factors that are of a great importance for the customer to feel trust to purchase online.
4. An internet vendor provides good customer service by offering the customer help and support online.
5. A customer's past experience gathered in a society has significant effects in developing security perception to do transactions under e-commerce.
6. Trustworthiness is positively related to customer e-loyalty and satisfaction, this leads to rapid growth of e-commerce.

XV. SUGGESTIONS

1. Online trust can be increased through honest and full disclosure of information practices.
2. Using secure and reliable technology on website serves as a recipe for promoting trust. Potential customers can feel secure whenever they engage in online transactions.
3. Customer interactions and collaborations with each other will definitely help to nurture trust in the vendor. Having to inform each other about the transaction nature and experience they undergo will serve as a recipe for building trust.
4. Allowing customers access and control over their personal information can go the extra mile to boost their trust in the vendor.
5. When customers supply their personal information to the vendors, they need to be given assurances that their information will be protected.
6. Trust is tremendously essential element of basic human feelings, in addition to being an element of website confidence in this digital era. In this regard, to enrich customers trust in the comprehensive virtual environment, e-service providers or e-stores have to be trustworthy.

XVI. CONCLUSION

E-commerce and online shopping is growing exponentially every day. Trust is a critical factor in the online purchasing decision of customer. The lack of trust is a fundamental reason why many of the customers won't purchase the commodity through e-commerce. In e-commerce technology, vendors can sell the products and services over the internet 24 hours a day. This reduces the costs related to personnel and retail space and attracting new customers. However, since the transactions are performed without personal contact and handling products, customers in the e-commerce are more exposed to issues related to fraud or theft of credit card details, sharing personal information with other entities, not receive correct products and difficulty in returning the products, errors in request. Hence, trust is the most important factor in any e-commerce transaction, where customer confidence needs to be continuing with the development of the business. Without customer trust, e-commerce will never reach its full economic potential.

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