Consumer Trust in B2C E-Commerce of the Cluster Fashion Clothing and Jewelry Business

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ABSTRACT

E-Commerce in Thailand has grown greatly over the past years. In 2011, the proportion of B2C businesses was at the highest level, accounting for 73.3 percent, including the highest number of entrepreneurs in the cluster fashion clothing and jewelry sector at 32.3 percent. However, there are some factors affecting the use of E-Commerce systems, such as security and trust. As a consequence, consumers lose their trust of the system due to the fear of information security breeches and being cheated. In addition, most users lack the knowledge and understanding of using an E-Commerce system and the relevant laws are unclear and cannot provide buyer protection. The E-Commerce seller most often mentioned in the cluster fashion clothing and jewelry sector is a company called LAZADA. Research was conducted by studying the relationship between consumers' trust to purchase fashion, clothing, and jewelry products through websites using a Trust Building Model (TBM) when doing transactions with unfamiliar sellers. The results were received from multi-factor data analysis of the relationship between factors, the research analyzed of trusting beliefs, willingness to transact with the vendor through the web, and perceived (risks), and factors in terms of intention for information sharing, intention to buy, and intention to follow sellers' recommendations with statistical significance. In addition, in terms of the relationship between factors regarding perceived reputation, perceived quality and structural assurance, and factors regarding trusting beliefs and willingness to transact with the vendor through the web, and found a relationship with statistical significance among them as well.

Keywords – Trust Building Model

I. INTRODUCTION

Presently, E-Commerce in Thailand has increasingly grown due to many policies from governmental sector that continuously supports the use of information technology and encourages people to communication more with each other. These policies are; the policy for free internet in every parish, and the policy that supports education in IT and computers. Furthermore, there are several positive factors that support easy access to the internet: reducing service cost of high speed internet service, and providing cheaper service costs for internet cafés in department stores. Therefore, the number of internet users has been increasing, leading to the enhancement of E-Commerce.

Information from the National Statistical Office in 2011 found that E-Commerce in Thailand has the greatest proportion in the B2C business sector at 73.3 %. Most of the

entrepreneurs are in the cluster fashion clothing and jewelry sector at 32.3 %. But factors that impact the usage of E-Commerce—such as security and dependability of E-Commerce transactions—discourage 73.3% of the people, due to lost credibility in the system. People are afraid of their information being stolen and of being tricked, too. Besides, most users still lack knowledge and understanding of using an E-Commerce system. In addition, the law is still unclear and does not protect sellers or buyers conducting business activities via an E-Commerce system.

LAZADA is the company most often mentioned in the online cluster fashion clothing and jewelry sector. Their E-Commerce website generates a high volume of business opened recently, LAZADA obtains Opened recently, LAZADA obtains the tendency of high sale and order volume and is closely watched by their competitors. LAZADA anticipates continuous growth in online business in Thailand. Therefore, the company has both long and short term marketing strategies in order to remain the dominant online shopping website.

This research was conducted by studying the correlation of consumers' trust to buy products in the cluster fashion clothing and jewelry sector via websites using a Trust Building Model (TBM). The study followed consumers when doing transactions with unfamiliar sellers to analyze the correlation between factors in terms of trusting beliefs, willingness to transact with the vendor through the web, and Perceived (risks), and factors in terms of intention for information sharing, intention to buy, and intention to follow sellers' recommendations with statistical significance. Additionally, the research studied the correlation between factors regarding perceived reputation, perceived quality, and structural assurance, and factors regarding trusting and willingness as well.

II. THEORETICAL FRAMEWORK AND HYPOTHESIS REVIEW
A. THEORETICAL FRAMEWORK
Trust Building Model
The first factors that have influence on trusting beliefs and the willingness to buy products on a website are perceived (Reputation) and perceived (Quality), that (McKnight et al., 1988; Rousseau et al., 1988) are called dependability. Therefore structural assurance and perceived (risk) also influence consumers' intentions, according to the three factors of behavioral intention which are the intention (to share information), the intention (to buy products) and the intention (to follow sellers' recommendation). Meanwhile, the trust beliefs and the willingness to transact with the vendor through the web on the acknowledgment and understanding of the sellers' emotions increasingly build the behavior of dependability.
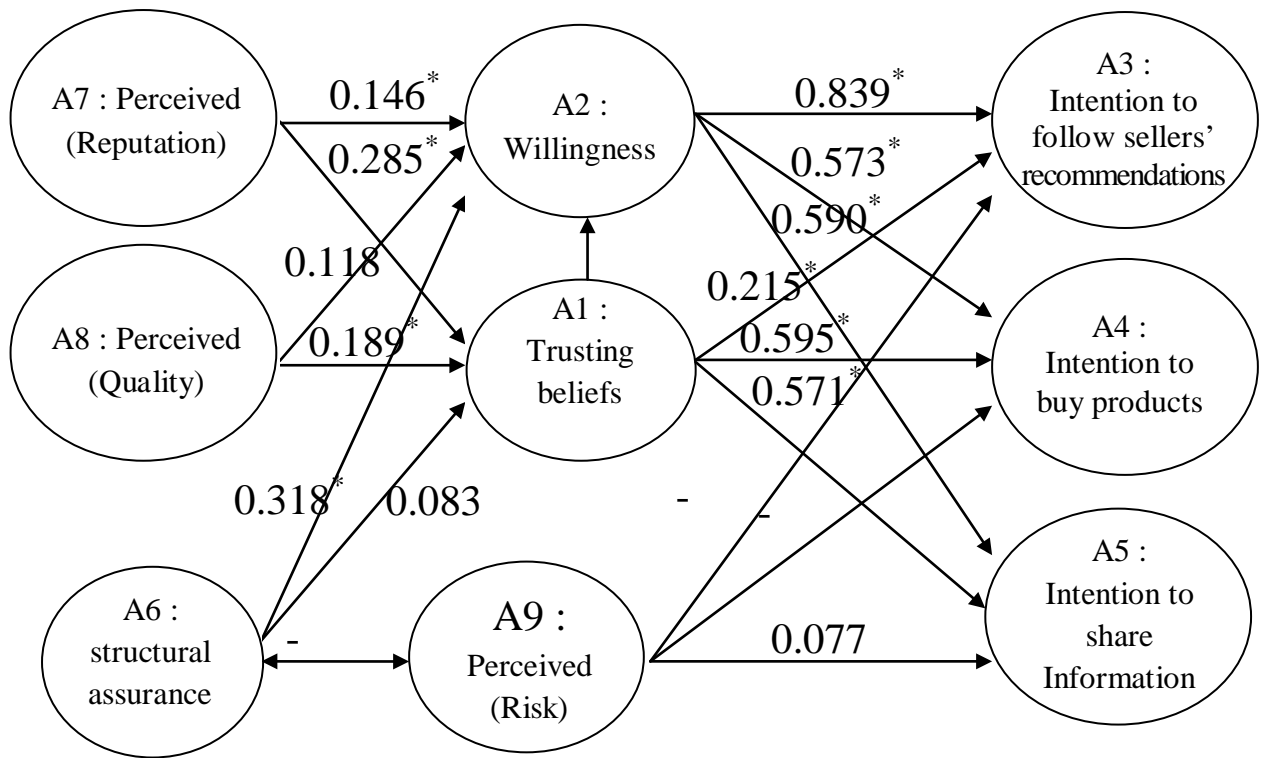
Fig. 1 Trust Building Model

B. Literature Review and Hypothesis

The TBM to create the consumers' credibility (D. Harrison, 2002) was divided into two dimensions; trusting beliefs and trusting intentions. Willingness to transact with the vendor through the web, associate with factors that influence dependability and affect consumers' decision to buy products via the internet, including perceived web risk, perceived web vender reputation, website quality and structural assurance.

Trusting Beliefs

Trusting beliefs are perceptions of dependability of the object of trust. Trusting beliefs are the trustor perception that the trustees have the characteristics that would benefit the trustor (Mayer et al., 1995; McKnight and Chervany, 2001–2002; Mishra, 1996). Trusting beliefs comes from a long history of research that considered the essence trust to be perception about the ethical character (Ring and Van de Ven, 1994), ability (Gabarro, 1978), or predictability (Rempel et al., 1985) of the other party, or combinations of such attributes (Giffin, 1967). Over time, researchers have migrated towards three or four such belief factors (trustee honesty and promise keeping), benevolence (trustee caring and motivation to act in the trustor's interests), competence (ability of the trustee to do what the trustor needs), and predictability (consistency of trustee behavior) (McKnight et al., 1998) because most other trusting beliefs cluster conceptually with these.

Trusting Intentions
We define behavioral intentions in terms of consumer intentions to bind in three specific behaviors: intention / information sharing, intention to buy, and intention to follow sellers' recommendations. Each behavioral intention construct captures an individual's projection or anticipation that she/he will perform in a specified way. Behavioral intentions go beyond willingness to transact with the vendor through the web; rather, they involve a specific, solid desire, similar to what (McKnight and Chervany, 2001-2002) called subjective probability of depending. Thus,one with behavioral intention volitionally intends follow the advice, purchase, and/or share information, unless something precludes such action.

Willingness to Transact with the Vendor Through the Web
The models present that, as a factor of intentions to bind in specific behaviors, an individual forms a general willingness to transact with the vendor through the web. The willingness to transact with the vendor through the web (McKnight et al., 1998) reflects volitional vulnerability, a concept commonly used to define trust (Mayer et al., 1995). Thus, professing a general willingness to transact with the vendor through the web means one has made a conscious choice to put aside doubts and to move forward with the relationship instead of holding back (Holmes, 1991). In the web context, this means that a consumer has progressed to a willingness to bind in a positive relationship with the vendor.
> H 1: The trusting belief has a positive correlation with the
>   intention (to share information), the intention (to buy products)
>   and the intention (follow sellers' recommendations).
> H 2: The willingness has a positive correlation with the
>   intention (to share information), the intention (to buy products)
>   and the intention (to follow sellers' recommendations).

Perceived Web Risk
Risk, in general, means the perceived probability of loss or harm (Rousseau et al., 1998). Perceived web risk means the extent to which a user believes it is unsafe to use the web or that negative consequences are possible (Grazioli and Jarvenpaa, 2000). For example, identity theft has risen greatly over the past few years (O'brien, 2000), causing alarm or fear or insecurity about the web. High perception of web risk will adversely affect consumer willingness to share personal information, follow vendor advice, and, ultimately, purchase (i.e. through a credit card). Marketing researchers have posited that perceived risk affects purchasing behavior (Tarpey and Peter, 1975). A number of researchers have dealt with the effects of perceived web risk on e-businesses (Aldridge et al., 1997; Hoffman et al., 1999). For instance, Grazioli and Jarvenpaa (2000) found that perceived store-level risk significantly affected the willingness to purchase through its negative effect on one's attitude towards the store. The perceived risk of getting advice from a phony expert will probably decrease the intention to follow vendor advice.
> H 3: Perceived (risk) has the negative correlation to the intention (to share
>   information), the intention (to buy products), and the intention (to follow

sellers' recommendations).

Perceived Web Vender Reputation

Reputation means that one ascribes attributes to a person based on second-hand information about them (McKnight et al., 1998). Reputation can be an important trust building factor for web vendors (Fung and Lee, 1999), expressly in the first trust phase. Since consumers do not have personal experience with a vendor, word of mouth reputation can be key to attracting customers. An interview with someone that interacted with a vendor, and had a positive experience, can help soften users' discernments of risk and diffidence in interacting with the vendor. It can help boost users' beliefs about vendor competence, benevolence, and integrity. It can generate in users a willingness to transact with the vendor through the web. For example, the reputation of Amazon.com has helped to boost its sales (Barnes and Vidgen, 2000). Jarvenpaa and Tractinsky (1999) found that perceived reputation certainly affected trust in a web store. Grazioli and Jarvenpaa (2000) found reputation to be among the factors positively influencing trust in an e-vendor. Similarly, in the broader trust literature, reputation has long been seen as a trust builder (Dasgupta, 1988), expressly for professionals (Barber, 1983) or those guarantees in commerce (Doney and Cannon, 1997).

> H 4: Perceived (Reputation) has the positive correlation to the trusting beliefs and willingness.

Perceived Web Site Quality

On the internet, the vendor is faceless so the interface becomes the online storefront upon which first impressions are formed. It stands to reason that if the consumer perceives a vendor's web site to be of high quality, the consumer will more likely have high trusting beliefs about the vendor's competence, integrity, and benevolence, and will develop a willingness to transact with the vendor through the web. Fung and Lee (1999) stated that site information quality and a good interface design improve the evolution of consumer trust. This is like going into a bank that has an affecting, prosperous physical appearance and being willing to depend on the bank to offer good service, not because one knows the people who run the bank to be dependable, but because outside appearance means that it is solid and well controlled.

> H 5: Perceived (Quality) has a positive correlation to the trusting beliefs and willingness.

Structural Assurance

McKnight and Chervany (2001–2002) expressed the opinion that structural assurance relates to trusting beliefs and willingness to transact with a vendor through the web because a person is more likely to trust those operating in a safe and secure environment. That is, perception about the goodness of an environment are likely to color perceptions of individuals or groups associated with that environment (McKnight et al., 1998). Culnan and Armstrong (1999) found that procedural fairness (an organizational construct similar to structural assurance) helps build general trust. Thus, structural assurance should relate to trusting beliefs about unfamiliar web vendors because one is likely to judge an unknown vendor based on general feelings about the

vendor's environment. Structural assurance of the web should affect willingness to transact with the vendor through the web because a high level of structural assurance means the consumer has been able to overcome fears of the internet such that she/he is comfortable dealing with it. Grazioli and Jarvenpaa (2000) found that attitudes toward the web (very similar to structural assurance) are significantly related to willingness to buy.

      H 6: Structural assurance has a positive correlation to the trusting beliefs and willingness.

III. METHODOLOGY
A. Data Collection and Sample
Researchers collected data from 362 students and officers at one of the universities in Thailand. These people have done transactions with unfamiliar sellers, LAZADA Company, via a website that sells products in the cluster fashion clothing and jewelry sector.

B. Model Specification and Variables
The study is the relationship of consumers' trust on purchasing items in the cluster fashion clothing and jewelry sector via a website using a Trust Building Model (TBM). Consumers' transactions with unfamiliar sellers were studied in order to analyze the correlation among the factors in terms of trusting beliefs, willingness, perceived (risk) and the factors in terms of intention for information sharing, intention to buy and intention to follow sellers' recommendations, perceived reputation, perceived quality and confidence, and factors in terms of trusting beliefs and willingness. The results are as follows:

Model

$$A_{1i} = \beta_{10} + \beta_{11}A_{7i} + \beta_{12}A_{8i} + \beta_{13}A_{6i} + \mu_{1i}$$
$$A_{2i} = \beta_{20} + \beta_{21}A_{7i} + \beta_{22}A_{8i} + \beta_{23}A_{6i} + \mu_{2i}$$
$$A_{3i} = \beta_{30} + \beta_{31}A_{2i} + \beta_{32}A_{1i} + \beta_{33}A_{9i} + \mu_{3i}$$
$$A_{4i} = \beta_{40} + \beta_{41}A_{2i} + \beta_{42}A_{1i} + \beta_{43}A_{9i} + \mu_{4i}$$
$$A_{5i} = \beta_{50} + \beta_{51}A_{2i} + \beta_{52}A_{1i} + \beta_{53}A_{9i} + \mu_{5i}$$

Independent Variable;
    A7 = Perceived (Reputation)
    A8 = Perceived (Quality)
    A6 = Structural assurance

Intermediate Variable;
    A2 = Willingness
    A1 = Trusting beliefs
    A9 = Perceived (Risk)

Dependent Variable;
    A3 = Intention to follow sellers' recommendations

A4 = Intention to buy products
A5 = Intention to share Information

IV. RESULT

TABLE 1

	A_{1i} A1: Trusting beliefs	A_{2i} A2: Willingness
A7: Perceived (Reputation)	0.285***	0.146*
	(4.33)	(1.75)
A8: Perceived (Quality)	0.189***	0.118
	(2.88)	(1.41)
A6: Structural assurance	0.0830**	0.318***
	(2.25)	(6.75)
Constant	-1.407***	-1.805***
	(-7.38)	(-7.44)
Observation	359	353
rss	83.51	130.2
R-squares	0.243	0.226
Adjusted R-squares	0.236	0.220
F-test	37.94***	34.05***

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

TABLE 2

	A_{3i} A3: Intention to follow sellers' recommendations	A_{4i} A4: Intention to buy products	A_{5i} A5: Intention to share Information
A2: Willingness	0.839***	0.573***	0.590***
	(12.90)	(4.96)	(10.64)
A1: Trusting beliefs	0.215**	0.595***	0.571***
	(2.26)	(3.61)	(7.09)
A9: Perceived (Risk)	-0.267***	-0.156**	0.0775**
	(-7.34)	(-2.53)	(2.49)
Constant	-2.363***	-3.593***	-3.815***
	(-8.68)	(-8.11)	(-15.88)
Observation	362	329	353
rss	111.9	252.2	75.19
R-squares	0.593	0.321	0.597
Adjusted R-squares	0.590	0.315	0.594
F-test	174.1***	51.25***	172.4***

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

TABLE 3

	A9: Perceived (Risk)
A6: Structural assurance	-0.1017*

t statistics in parentheses
$^*p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$

Referring to Tables 1–3, the results from the analysis of data, which has several variables, found that the trust structure that consists of trusting beliefs and willingness to transact with the vendor through the web has a positive correlation with the intention to share information, the intention to buy products, and the intention to follow sellers' recommendation with statistical significance. There are three factors that have an influence in the trusting beliefs which consist of perceived reputation, that has a positive correlation with trusting beliefs as well as willingness with statistical significant. Besides, the structural assurance has a negative correlation to the perceived (risk) with statistical significant.

V. CONCLUSION

Trust is the key in E-Commerce transactions. Therefore, if trusting beliefs are such an important key, it is essential for us to build more dependability. (Keen et al., 2000). Because an individual's trust is very difficult to understand, this study is focused on the Trust Building Model (TMB), particularly at the beginning of the correlation from buyers who buy products in the cluster fashion clothing and jewelry sector via a website, but do not have direct experience with sellers beforehand. Therefore, trust is the key. This includes trusting beliefs and a willingness to transact with the vendor through the web etc. which influences intention (sharing information), willingness (product purchasing) and the intention (to follow sellers' recommendations). Other factors that sellers can consider to help conquer negative attitudes about the safety of websites include the perceived (risk) which has an influence in the intention (to share information), the intention (to buy products) and the intention (to follow sellers' recommendations). These three intentions are representative of the co-operation between producers and consumers for effective transactions. In addition, the three factors have influence in trust and willingness such as perceived (reputation), perceived (quality) and structural assurance which have shown the effectiveness of building dependability for sellers who began E-Commerce businesses in the cluster fashion clothing and jewelry sector in Thailand.

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