FUTURE OF E-COMMERCE IN INDIA

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PREFACE

E-commerce as anything that involves an online transaction. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. The general category of e-commerce can be broken down into two parts: E-merchandise: E-finance. E commerce involves conducting business using modern communication instruments: telephone, fax, e-payment, money transfer systems, e-data interchange and the Internet. Online businesses like financial services, travel, entertainment, and groceries are all likely to grow. Forces influencing the distribution of global e- commerce and its forms include economic factors, political factors, cultural factors and supranational institutions.

It has an impact over the economy of many countries among which India is on the top of that list. It has named as new gold rush in e-commerce. E-commerce has many reasons that why it is very crucial in developing the country . For the study we have taken several parts of the world such as North America , Latin America , Europe , Middle-East , Africa and South Asia ,and Australia. E- commerce has an intent to bring some transformation in the society and that's the reason it's essential for the B2B and B2C commerce.

Chapter: 1

INTRODUCTION

Introduction

Background

The development of new technological innovations, such as the Internet, has brought on changes for the market. The Internet offers a world-wide network, which connects millions of individuals and businesses and creates a global marketplace with huge business opportunities (E-business, eEurope, n.d). More and more companies have discovered the advantage of using the Internet as a communication tool to reach consumers at any place and at any time. This also enables consumers to search and gather information about products and services online. The word e-commerce refers to all transactions online. Electronic commerce (e- commerce) is the area in which we are to do our research and throughout this dissertation we will discuss consumer trust in e-commerce. The term B2C (business-to-consumer) involves the process when a business or an organization sells its products or services to consumers, for personal use, over the Internet. Today B2C includes not only online retailing, but also involves services such as online banking, travel services, online auctions, health information and real estate sites (The ABC of E-commerce,).

The Web is more and more integrated into consumers' normal daily activities. The Web gives the consumers more power to control many aspects of their lives, for example there, time, knowledge, communication, money, decisions and satisfaction. The Internet vendors should enable consumers' control. Consumers need products, services, systems and modes of living that provide convenience and save time (Windham & Orton, 2000). For example, the online store should be easy to reach, the site should be

easy to use and products and services should be easy to buy (Loshin & Murphy, 1997).

When using new technologies, including the Web and e-commerce, trust is considered to be important (Windham & Orton, 2000). New ways of doing things usually create a feeling of uncertainty among people. In most social interactions involving uncertainty and dependency, trust is generally an important factor. An often mentioned reason for consumers not purchasing from Internet vendors, is the lack of trust (Petrovic, Ksela, Fallenböck & Kittl, 2003). Thus, there is a need for promoting trust and confidence on the Internet. For consumers, security and privacy issues are seen as barriers to shopping online (Windham & Orton, 2000). They want their identity and personal information to be confidential, due to fear of being exposed to online fraud (Petrovic et al., 2003). People are more willing to take risks with people or organizations which they trust. The potential risk in e-commerce is greater because of the anonymity, distance and lack of physical interactions (Cozier, Shao & St. Louis, 2006). Many elements of personal interaction that are used in the offline environment, for example, facial expression, gesture and body language, are lost or not applicable in an online environment (Grabner-Kräuter & Kaluscha, 2003). Many consumers appreciate the real shopping experience of touching things and trying items on. So, in order to understand why people do or do not engage in e-commerce activities, it is important to study online trust (Cazier et al., 2006).

Trust is an essential tool for a transaction to take place, both in an online and offline environment. In e-commerce, the Internet vendors as well as their websites can be trust building sources in themselves. So, it is important for companies to learn how to manage consumers' trust in e-commerce. Although, building consumer trust on the Internet is a challenge for online vendors. For this reason we think it would be interesting to find out which factors are important for establishing consumer trust in the online shopping environment. By reviewing relevant literature on consumer trust in e-commerce, we aim to find important factors that help to establish trust

online. In the end of our theoretical framework, we hope to summarize the most important factors found, and under each of the main factors also summarize examples of, what we call, trust establishing subfactors. From these we will try to select some that will guide our empirical research, where we intend to investigate how consumers perceive the importance of the selected factors, for them to feel trust to purchase online.

So, in this paper we will give an overview of the basic concept of trust and also investigate the elements of online trust. It is difficult to define the concept of trust, partly because trust is always situation-specific. When researchers refer to factors that can help to establish a sense of trustworthiness or which can determine if consumers will trust an Internet vendor or its website, different terms are used interchangeably, for example, elements, underlying dimensions or determinants. This use of various terms is because researchers in the field have not been able to agree on clear definitions of the terms (Wang & Emurian, 2005).

Problem

Physical clues in the traditional shopping environment, such as the appearance of the store and the direct contact with sales persons that affect consumers sense of trust, are absent in the online environment. This lack of physical clues and physical interaction in the online environment, make it more difficult to establish trust with the consumers. So, this constitutes a major challenge for companies that engage in e-commerce. Therefore, it is important to find factors that help to establish consumer trust in e-commerce.

Purpose

The purpose with this dissertation is to get a better understanding of consumer trust in e- commerce. We want to find important factors that help to establish consumer trust in e- commerce. These factors will guide our empirical research, in which our purpose is to investigate how consumers perceive the importance of some selected factors, for them to feel trust to purchase online.

Limitations

There are different types of e-commerce, but we have chosen to only focus on Business-to- Consumer e-commerce. So, this constitutes one limitation. B2C e-commerce is a wide subject with many possible aspects to look at. We have made the limitation to look at consumer trust in e-commerce. Trust is a complex concept that can be viewed in many different ways. Therefore, we had to make the limitation to only try to look at literature that takes up consumer trust in connection to e-commerce. It is of course also impossible to cover all existing literature within the topic. Due to time and financial constraints, we had to conduct the survey in a limited geographical part, namely three nearby cities in the south of Sweden

Research Questions and Objectives

The dissertation is based on the following research questions:

Which factors are important for establishing consumer trust in e-commerce?
From the consumer's perspective, how important are specific factors for the consumer to feel trust to purchase online?

Chapter 2

LITERATURE REVIEW

LITERATURE REVIEW

We will start our theoretical framework with presenting some background information about the Internet and its development. This will serve as an introduction to the subject of our dissertation. In the next section a short presentation about e-commerce will be given. We find it relevant to introduce the reader to the area of e-commerce, before entering the field of consumer trust in e-commerce, which is the topic of our dissertation. We aim to answer our first research question in this chapter.

The Internet

The Internet is a network of computers and smaller networks, which enables computers around the world to communicate with each other, for example by transferring files and documents. Smaller networks are connecting to the big network, the Internet, all the time and because of this the Internet is constantly changing and growing (SOU 1999:106). These new networks offer new opportunities for people, but they also involve new uncertainties. New ways of doing things usually create a feeling of uncertainty among people. Thus, there is a need for promoting trust and confidence on the Internet.

In the 1960's, the military in the USA created a network called the ARPANET (Advanced Research Projects Agency Network) which was the start of the Internet. Early on American universities also started to use this network to enable scientists at different universities to get easy access to

scientific rapports. By the 1980's, the network had expanded which led to the decision to split it up in two parts, the MILNET for the military and the smaller ARPANET for civilians. The ARPANET was eventually closed down and replaced by the NSFNET (National Science Foundation's Network). In 1982, the big network was named the Internet.

Today the Internet is used for many different things, for example the possibility to send electronic mail (e-mail) is widely used. For people living in different parts of the world, e- mail is a fast, simple and cheap way to communicate. The creation of the World Wide Web (WWW) is an important part in Internet's development (SOU, 1999:106). The Web is not synonymous with the Internet; it is just another way to use the Internet. Users can, for example, download documents and get information from different websites on the Internet (SOU, 1999:106). The World Wide Web "*has forever changed the way companies and customers (whether they beconsumers or other businesses) buy and sell to each other, learn about each other, and communicate*" (Hutt & Speh, 2004, p.69). Today, millions of homepages/websites are owned by organizations and individuals (Selvin, 2000). The Web is more and more integrated into consumers' normal daily activities and can help make their lives easier. It gives the consumers more power to control many aspects of their lives, for example there, time, knowledge, communication, money, decisions and satisfaction. On the Web, the consumers have access to more people, things and information and they

also have more freedom to speak, be heard and make choices. Furthermore, it is easier to make price comparisons, which enables the consumers to find the lowest price that can help them to save money. The control of the Web experience is shifting from the company to the consumers, this because the consumers demand it. To listen to consumers' needs is important for getting loyal customers (Windham & Orton, 2000). Furthermore, the Internet is a source to search and gather information from. Electronic commerce (e-commerce) is another area of use, which will be presented more in detail below.

When using new technologies, including the Web and e-commerce, trust is considered to be important. New technology involves changes and these changes often create anxiety among people (Windham & Orton, 2000). This anxiety probably comes from lack of knowledge and lack of experience of the new technology. New technology is worthless if people do not understand how to use it and if it is not user-friendly. Companies that can offer usable functionality and user-friendliness are the ones that will be successful. Young people that

grow up with the Internet today will probably get more used to the idea of shopping online. They get familiar with the concept of e-commerce from an early age. They adapt quickly to new technology and new ways of doing things. So, e-commerce will probably be a normal way of shopping for many people in the future. E-commerce has increased substantially during the last years and will continue to increase in the future, partly due to cheaper and better technology. The expansion of broad-band might also have contributed to the increase of e-commerce (Hansen, 2005).

E-commerce

What is E-commerce?

E-commerce involves "*business communications and transmissions overnetworks and through computers, specifically the buying and selling of goods and services, and the transfer of funds through digital communications*" (Hutt & Speh, 2004, p.119). In short, e-commerce.

constitutes a medium for the buying and selling of products and information on the Internet and for other online services. When used properly, the Internet is a powerful tool with significant advantages. The Internet usually supports or supplements existing channels of distribution, rather than replacing them. Also, the Internet facilitates the salesperson's efforts and enhances the effectiveness and efficiency of the sales function, rather than eliminating it. The Internet has made it possible for consumers to buy products and services online, from both national and international companies. E-commerce is a way to do business in certain markets and for selected customers, which can increase sales volume, lower costs or provide more real-time information to customers (Hutt & Speh, 2004). Organizations are able to store large amounts of information on their websites. This information is available around-the- clock, which facilitate communicative relationships with users all over the world. The users do not even have to go outside the door (Slevin, 2000). Many customers seek information online and make their purchases offline.

Types of E-commerce

The e-commerce market is very complex and can be used for different purposes. One sector is business information services, for example, services selling captured customer information to others for marketing purposes. It can also be advertising found on websites and search engines (Slevin, 2000). E-commerce can be categorized in different ways.

In the book "*Konsumenterna och IT–en utredning om adorer, handel ochmarknadsföring*" by SOU, Statens Offentliga Utredningar (1999:106), twotypes of e-commerce are mentioned, indirect and direct. Indirect e-commerce is when a consumer orders a product online, pays through an invoice or by cash on delivery and gets the product delivered in a traditional way. Direct e-commerce, on the other hand, is when the consumer orders, pays and also gets the digitalized product, such as games, music and services delivered online. There are different types of both direct and indirect e-commerce.

Other types of e-commerce, which are more known, are: B2B (Business-to-Business), B2C (Business-to-Consumer), C2B (Consumer-to-Business), C2C (Consumer-to-Consumer), B2G (Business-to-Government) and M-commerce (mobile commerce), (WikiBooks, 2006). In this research we have chosen to focus on Business-to-Consumer E-commerce. B2C E-commerce facilitates (Hutt & Speh, 2004,

1. **Product information:** information on new and existing products is readily available to customers on the firm's Web site.

2. **Sales:** certain products can be sold directly from the firms Web site, reducing the cost of the transaction and allowing the customer to have real-time information about their order.

3. **Service:** customers can electronically communicate about order status, product applications, problems with products, and product returns.

4. **Payment:** payment can be made by the customer using electronic payment systems.

5. **Marketing research**: firms can use e-commerce, the Internet, and theirown Web sites to gather significant quantities of information about customers and potential customers.

E-commerce providers are companies and organizations that are offering tools and products for electronic commerce. According to Loshin and Murphy , for consumers the most important aspects of an e-commerce provider are the following:

- **Reliability:** The credit and charge card company is relied on to extendcredit, extend protection and to settle the payment. The same reliability is expected of the electronic commerce service provider.

- **Security:** Security issues will never disappear completely, but thesecurity provider must try to find possible weaknesses and define new security solutions for these.

- *Simplicity:* Electronic commerce schemes are successful if they are simple, painless and easier than transacting business in person.

- *Acceptability*: Electronic commerce schemes should offer widespread acceptability.

Pros and Cons with Purchasing Online

E-commerce is continually growing and people purchase online for a number of reasons and according to Hansen (2005), the four main reasons are:

- **Convenience.** It is possible to order almost anything you want, without even having to step outside the door.

- **Greater supply.** Online you can find more variants of a product, than you might find in a traditional shop, since online stores can minimize their storages due to close collaboration with wholesalers.

- **Lower prices.** Online stores are able to cut expenses. For example they can lower the storage costs, which enable them to offer lower prices.

- **Price comparison.** The consumers have the possibility to compare competitiors' prices on products and services. Consumers can either do this themselves or with the help of an online agent, like Price runner, which does the comparison for them.

Furthermore, Windham and Orton (2000) states that additional reasons for purchasing online are that it saves time and also that people are more empowered because of better product information and because of the possibility to compare different vendors' offerings. However, there are also some negative aspects to online purchasing. These are, for example, that some products are not conducive to an online purchase and that many consumers appreciate the real shopping experience of touching things and trying items on. Another negative aspect is the problems connected with returning products that do not meet the consumer's requirements. Also, if the customers are not familiar with or trust the company's brand, then they are hesitant to perform online commerce. Since the physical experience of shopping in a traditional store is absent in e-commerce, the trust issue becomes a major concern for many consumers and a strong reason for not purchasing online.

Trust

Online shopping requires more trust, since it is more complex than shopping in a traditional environment. On a public network, like the Internet, it is not easy to establish trust between the buyer and seller. In most social interactions involving uncertainty and dependency, trust is generally an important factor. One group of researchers finds that: "*Online transactions and exchange relationships are not only characterized by uncertainty, but also by anonymity, lack of control and potential opportunism, making risk, and trust crucial elements of*

electronic commerce" (Petrovic, Ksela,Fallenböck & Kittl, 2003, p.55). Trust is a mental shortcut that consumers can use, when trying to reduce the uncertainty and complexity of transactions and relationships in electronic markets. An often mentioned reason for consumers not purchasing from Internet vendors, is the lack of trust (Petrovic et al., 2003).

Online it is difficult to connect identities with actual individuals. Therefore, an online transaction does not give the same opportunity, as an in-person transaction, to exercise judgement about the other party. For example, consumers cannot know how long a website has existed or if it still exists tomorrow. Online it is easier to construct a counterfeit website, and represent it as part of a large corporation, than to construct a counterfeit supermarket in the traditional marketplace. So, the consumer cannot feel totally protected from dishonest vendors, with the hidden agenda to just get hold of the consumer's credit card number (Loshin & Murphy, 1997). The reluctance towards online shopping, that might exist among consumers is not expected to totally disappear, but might be reduced with the help of increased familiarity, technological advances and legal/regulatory institutions (Petrovic et al., 2003). Different tools and techniques are needed for establishing trust between potential buyers and sellers, in online transactions (Loshin & Murphy, 1997). Throughout the rest of this chapter, we will give a more detailed presentation of trust and consumer trust in e- commerce. We will start with a discussion of the concept of trust in a general way, before presenting different trust establishing factors.

Researchers have highlighted different factors that are important for establishing consumer trust in the online environment. Trust is a multi-dimensional construct and there is no common model for trust in e-commerce. So, the literature we have reviewed take up different dimensions of trust and we will try to present some of the most mentioned factors, important for establishing consumer trust. In the end of the chapter, we will sum them up. When reading the rest of the chapter, you will notice that when researchers refer to factors that can help to establish a sense of trustworthiness or which can determine if consumers will trust an Internet vendor or its website, different terms are used interchangeably, for example, elements, underlying dimensions, tools, techniques and instruments.

Trust Levels in Transaction Phases

Trust in online transactions is often said to be a key factor for determining the success and failure of e-commerce. The process of buying and selling goods, in each individual

transaction, consists of a variety of phases such as the information, agreement and settlement phase. Figure 3.1, on the next page, illustrates the trust levels during the various transaction phases. Online, the information phase usually means the activity of browsing through an online store. In the agreement phase, customers show their agreement by choosing products and accepting the price. In the settlement phase of the transaction, the order is placed and payment performed. We assume that the same phases can be applied to the process of buying and selling services online. The transaction phases can be connected with different levels of trust. In the different phases trust can be fostered with the help of seals and insurance solutions.
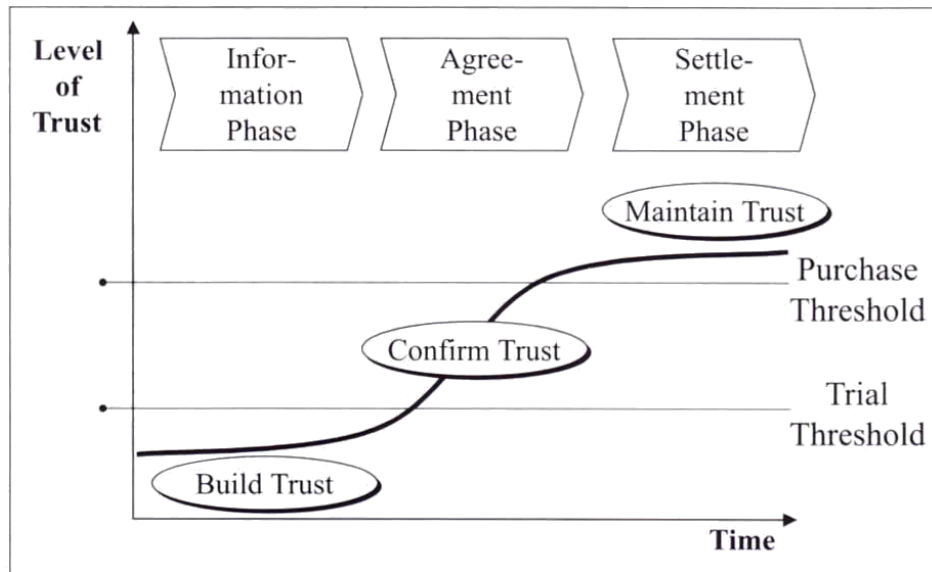
Figure 3.1 Trust levels during transaction phases

The Concept of Trust

It is difficult to define the concept of trust, partly because trust is always situation-specific. Researchers have not been able to agree on a suitable definition of the term. One definition often mentioned in literature on trust in e-commerce, is "*the willingness of a party to be vulnerable to the actionsof another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party*" (Petrovic et al., 2003, p.57). The buyers usually the party putting him or herself in a vulnerable situation. The trustee, the party in whom trust is placed, is the Internet vendor, who can take advantage of the trustor's vulnerability (*Ibid*.). Moreover, researchers have different opinions on how to measure the trust construct. One group of researchers thinks that the trust construct should be measured by one single dimension, such as reliability or motivation. Another group of researchers argues that the trust construct is multi- dimensional. This is clearly the right way to see it. There are some characteristics that can help in judging the trustworthiness of the Internet vendor, namely competence, benevolence

and integrity. In the literature, these are described as three dimensions of consumer trust and by focusing on each of these; overall consumer trust for an Internet vendor can be established. Competence means the company's fulfilment ability of its promises, communicated to consumers. Benevolence is about how the company primarily focuses on the interests of the consumers before its own self-interest and to have a sincere concern for the welfare of the consumers. Finally, integrity means behavior of consistency, reliability and honesty, when the company fulfils its promises (Chen & Dhillon, 2003). So, it can be said that these three dimensions explain a significant part of a company's trustworthiness.

Trust is based entirely on people's perception of it and on how it is experienced by individuals. A marketplace can be trustworthy, but the participants have to feel the trust before the marketplace can be trusted. Trust is important to us, but we cannot easily specify which factors that strengthen our trust. To make it more concrete, some aspects of trust can be identified. Trust exists between people; it makes human interaction easier. Trust is a crucial aspect in any kind of relationship. Meaningful trust is built in mutual relationships. If you trust the other party, then you are more willing to cooperate. It involves a risk, the first time you trust someone. For people to take that risk, they need to believe that the trust will be repaid. Trust takes a long time to build. We want to be able to trust others and if our trust is betrayed, then we feel vulnerable and anxious. One example is that some websites provide a mark which shows the sites' trustworthiness (Rule & Friedberg, 2005).

Even though trust and safety are related, these two words are different in some ways. Safety is about the protection from harm, for example, seat belts are for keeping you safe, but they do not raise your trust about that other people will drive carefully. Trust, however, is when you feel sure that other people will act in a fair, respectful, honest and transparent way. So, safety does not automatically mean that other people will act benignly and

although protected from others' actions, it does not automatically mean that one feel more trust (*Ibid*.).

Fear, risk and uncertainty limit people's activity and freedom. Businesses see trust as valuable, since it helps people to defeat barriers and makes trade and interactions easier. Businesses spend more money to establish trust, because they see the positive effect that trust has. Trust helps the business to grow, by promoting positive experiences, affirmation word of mouth and transaction volume. Customers will probably not use a site or service that they do not trust. Negative experiences may be shared with others, which can affect the business's growth negatively. A site or service can be unsuccessful and unused, not only because of lack of trust, but because the service is not seen to have enough value or the user interface is not well designed. Trust is not the only factor that determines if a site or service will be successful and well used. A site might have a negative trust reputation, but the service is perhaps seen as so valuable that the trust risk involved is accepted. One example is the frequently used peer-to-peer file sharing services, which involves the risk of getting viruses and worms.

Firstly, trust is gained through reputation and after that through repeated experience. A reputation can come from sources such as, the media and friends. Recommendations made by people that the consumer trusts, have great influence when the consumer decides whether a site or a vendor is trustworthy. If the individual then chooses to use the marketplace, the actual experience will be added to the reputation. A combination of factors creates an overall feeling of trustworthiness of a marketplace. One successful transaction does not notable affect the sense of trust felt by the user. It takes longer time and a great deal of experience to develop positive feelings about trust. However, negative feelings about trust can occur after just one or two negative experiences. We tend to remember negative experiences much longer than positive experiences (*Ibid*.).

It is too much to ask for complete safety and avoidance of all problems. Members must take some risk, if they want to engage in interesting and

beneficial exchanges. Businesses can teach customers how to avoid trust abusive situations and problems. The business does not have the sole responsibility for ensuring that no problems will arise, people can still act stupid and irrational. The sites or services are usually blamed for the wrongly actions of their members (buyers and sellers). Trust can depend on circumstances that the site or service cannot control. There are different techniques that can be used to establish a feeling of trust on a site. Businesses are not able to directly control the trust their customers feel. They can just build environments that encourage people to feel trust. In some situations, some techniques will work better than others, but it is important to consider all trust building options when creating the complete trust building strategy. Examples of techniques that are used to promote trust on the Internet are (*Ibid.*):

- **Marketing:** To create a convincing message around trustworthiness and to get it out to potential customers through marketing is an important way to start to develop trust. So, marketing give the company a chance to convince potential customers that its website is legitimate.

- **Education:** For a potential user, clarification about 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 decrease concerns and increase comfort.

- **Trust seals**: Organizations can have seals, by putting a certifying bodybehind a particular mark, to benefit from the certifying body's trustworthiness. To use assurances like this, the certifying body has to grant a so called "seal of approval".

- **Community:** Word of mouth is an effective way to communicate trust.By the help of the community, positive trust messages about a site or service can be spread. People with bad experiences, on the other hand, can spread negative messages. However, community's net effect is mostly positive.

- **Transparency:** The best way to avoid damaging trust is to be clear about information, to facilitate direct communication between community

  members and to be sincere about situations that appear and not hiding them.

- **Protection:** A sense of trust can be established with the help ofprotection programs. These programs offer a safety net, for members to lean on if something goes wrong.

- **Code:** Powerful mechanisms for building trust come from the code underlying a site or service. Since the actual code is not obvious to the users, they may rely on other visible elements (for example, quality user interface design, speed, reliability) to get an impression of the trustworthiness.

- **Dispute resolution/redress:** Online dispute resolution offers a possibility for a negative trust experience to be resolved without that the member's view of trustworthiness in the site or

service is being considerable harmed. Studies show that members that have resolved a problem satisfactorily seem to be more loyal to the marketplace afterwards.

Security and Privacy

A consumer's willingness to pay online is determined by convenience and trust. If it is too complicated for the customer to register and use the technology, then the customer may not go through with the purchase. Furthermore, it is important that the customer feels secure about not being exposed to fraud or that the money disappears due to technical problems (Hansen, 2005). There are different ways to pay for a product or service online, for example, by cash on delivery, invoice, digital wallets and payment through credit card online or transference by bank (SOU, 1999:106). Two other payment methods that start to gain ground are, direct micro payments via SMS and pay phone numbers. There are pros and cons with each payment method and each method may be more or less suitable for different kinds of transactions and customers (Hansen, 2005). The use of credit cards for payments online has received the most attention. This method usually means that the consumer states the card number on an online form. The company then receives payment from the credit institute. This is considered to be a fast and simple way for the consumers to pay and today, more and more consumers use this method. However, safety questions have been a big concern for the consumers (SOU, 1999:106). For customers that pay with credit card, it is more important to buy safely than to buy cheap (Hansen, 2005). They are, for example, worried that the card number will be revealed to unauthorized parties (SOU, 1999:106).

Some people however, seem to forget the risk involved with credit card payment in a physical store or at a restaurant, where the card number is also exposed to a stranger. The difference from an online payment is that here the customer is able to see the person that receives the credit card. It is important that the payment system really works, when the customer decides to use it (Hansen, 2005). Online payment systems are constantly updated to make them more user-friendly and secure. These systems make the identification of the consumer more reliable. For consumers to have confidence in e-commerce, the development of reliable payment methods is necessary (SOU, 1999:106). If a service does not give a trustworthy and professional impression, for example if the information provided is unclear about who owns the company or which third party that administers the card payment, it might make the customer hesitant (Hansen, 2005). However, a clearly stated third party organization can provide an extra level of security for the customer. By taking the payment

information from the customer and settling transactions for the vendor, the third party can act on behalf of both. For the customer, this means that payment information is handled by the intermediary company and never revealed to the vendor. This also facilitates relatively anonymous purchases for the customer (Loshin & Murphy, 1997).

As new security solutions are developed, it is important that Internet vendors do not forget to also inform their customers about how these new solutions work. To take one example, it may not be obvious for customers that today sensitive information is encrypted when sent over the Internet, to ensure reliability and privacy (Hansen, 2005). The payment settlement information can be encrypted by the customer before being sent to the vendor. The vendor then passes it on to the customer's bank, which decrypts it and arranges for the payment to the vendor. Although encryption is said to ensure reliability and privacy, this security solution, according to Loshin and Murphy (1997), still have security holes. Sometimes, it seems like the threats to security are growing faster than the solutions are. Hackers always seem to be one step ahead (Shorten, Ologun, Brown-West & Jovanovski, 2004). For example, today identity theft is a growing problem (Cozier, Shao & St. Louis, 2006). Therefore, it is not strange that the Internet security is a major concern which makes customers hesitant to shop online. To conclude, assuring security and reliability are two main factors relevant for the customers when purchasing online and for establishing trust.

Most of the reasons that make customers reluctant to provide personal information to a website come from trust. They are concerned about their privacy and security and they fear spam. Potential customers may feel hesitant to purchase online, if they are asked to state their social security number in connection with the order. When a social security number is requested, people often get suspicious and insecure. So, if customers are to state sensitive information about themselves, it is important for the company to clarify that this information is handled according to specific legislation in this area, in Sweden the legislation PUL, Personuppgiftslagen (Hansen, 2005). This is a way to guarantee that the personal information will not be misused or sold to other parties (Windham & Orton, 2000). This kind of assurance can limit the customers' concerns and can increase the sense of trust.

Customer Service

Websites sometimes offer only a limited possibility for customers to get feedback and to ask questions. Sometimes, sending an e-mail is the only way to get in touch with the company. For customers this might create a feeling of lack of power (Slevin, 2000). So, it is important to provide different ways for the customers to get in touch with the company, since this

promotes interactivity which can help strengthen the customers' sense of power. Feeling power can help reduce uncertainty, which then can increase trust. It is also important that the company shows its responsiveness and willingness to help, by giving the customers prompt replies to their requests. If a company neglects an incoming e-mail or does not give a fast reply, the customers might feel unimportant and for this reason they might turn to a competitor's site for answers. In short, trust can be built by making the customers feel that they are important. One way to inspire trust and confidence is to assure that the customer service staff gives a professional and knowledgeable impression.

According to Hansen (2005), many online customers have not gone through with a purchase, because they were not satisfied with or did not trust the service. Some customers have even been forced to finish an online purchase over the phone. To receive online help during the order/payment process, can be appreciated by the customers. So, it is of great importance that the Internet vendor provides better and more trustworthy services.

Creating facilities on the company's website, such as discussion forums, where the customers can interact with each other, can be a good way to attract users to the site. These kinds of discussions, between the customers, can provide interesting and useful information for the company, which can be used to improve service performance (Slevin, 2000). This can give an impression about the company's desire to satisfy the customers' needs and build long term relationships. In this way the company can also promote word of mouth recommendations. The company can also get useful information by, for example, encouraging potential customers to post a

question if they cannot find the information they need (Hutt & Speh, 2004). For the site development to progress successfully, user-feedback is required (Windham & Orton, 2000).

For a consumer to purchase from a store online, a strong sense of reliability is necessary. A company's ability to establish strong bonds of trust with its customers through a website is crucial for its success online. Although it is not just a question of establishing trust; the company also has to be active in convincing customers since the competitors are only a mouse click away. It is also important to nurture an established customer relationship, by for example, sending out information and advertising in newsletters via e-mails. To be notified with information about the company can strengthen the loyalty and the sense of trust. Although, customers appreciate to have the possibility to choose whether or not they admit to receive advertising that rely on the registered personal data. So, the customers want to have more control over the personal information and the companies need to respect their privacy.

Brand and Reputation 8

For companies engaged in electronic commerce, reputation and brand have been claimed to be a vital source for trust. Reputation has the power to reduce uncertainty and constitutes a way to create trust. The brand is the different things that the buyer thinks of when he or she sees the name or symbol. Thus, the brand is stored in potential consumers' minds. The brand image is the intangible psychological elements of a brand. The brand image is stored in each person's memory, while the reputation is a socially shared evaluation of the company. However, these two also influence each other. It is important to foster and strengthen an existing brand image with trusting beliefs that are relevant for the environment online (Petrovic et al., 2003). If a brand is unfamiliar, it can be difficult for the customers to see the credibility of the company behind the brand (Windham & Orton, 2000). If a company wants to establish a trustful customer relationship, it should strive to develop a brand personality that acts as a partner or friendship link between the brand and its customers. The e-commerce environment is perceived to be risky and impersonal, so it can be helpful to bring about "human-like" associations to foster trust (Petrovic et al., 2003). Hansen (2005), however, has a different opinion about the importance of the brand. He claims that the average online buyer does not pay so much attention to the brand. It is more important how the website looks and works.

Chapter : 3 RESEARCH OBJECTIVE & SCOPE

Objective of the study

- To know about e- commerce marketing.

- Tell consumer e-commerce marketing is secure

- Tell a consumer to high flexibility and security to payments

- High reachability

RESEARCH METHODOLOGY

Research Strategy

We chose to use a survey as our research strategy and the primary data was collected through a questionnaire. Using a questionnaire enables the collection of standardized data, which allows for easy comparison (Saunders et al., 2023). So, this data can be expressed in numbers and analysed quantitatively, by using a software program such as SPSS. The purpose with our questionnaire was to gather information about how consumers perceive the importance of different trust establishing factors. The questions in the questionnaire were based on the factors found in our literature review. Prior studies often look at consumer trust towards a specific Internet vendor and its website; however the aim with our survey is to look at consumer trust in e-commerce, in a general way. This was a short presentation of our research strategy, since we also discussed it earlier, in chapter two.

Selection Method

We used convenience sampling as our selection method. Convenience sampling means that you choose only those respondents that are able to participate in the survey, after being asked (Christensen, Anderson, Carlson Haglund, 2001). Usually this involves choosing those cases which are easiest to obtain for your sample. The selection process continues until the required sample size is reached (Saunders et al., 2023). In our case, those respondents that agreed to answer the questionnaire were selected. We tried to ask people that did not seem to be in a hurry, since it is probably easier to get them to participate. To get a variety of respondents we tried to ask, people in various ages from 18 years and up, as well as an equal

amount of men and women. We chose to ask respondents in the south of Sweden, namely in Hässleholm and Älmhult since we live there, and also in the larger city Helsingborg. We tried to find places with many people, for example, a train station. This is a good place, since people have time to answer the questionnaire while waiting for their departure.

Questionnaire Design

We used different types of questions in our questionnaire . According to Saunders et al. (2023), there are different types of questions to use, depending on which data you want to collect. Below we will explain what kind of questions we used in our questionnaire. The first four questions were background questions, where question number 1 and 2 collected data about gender and age, which are attribute variables. These questions were category questions, which mean that each respondent's answer could only fit one category. Question 3 collected data about the respondent's attitude towards using the Internet to purchase products/services. This question was designed as a list question, which means that the respondent was offered a list of responses, any of which could be chosen. We used this kind of question to be sure that the respondent had considered all listed responses before choosing one. Background question 4 collected data of behavioral nature, since we asked how often the respondent shop on the Internet. This was a category question.

Question number 5 was our main question, which was going to give us the answer to our second research question. It was based on some of the trust establishing factors found in our literature review. To collect opinion data, rating questions are often used. Since we wanted to collect information about how consumers perceive the importance of each factor, for them to feel trust to purchase online, we found the Likert-style rating scale to be most suitable for this question. For each selected factor, the respondent was given the same set of alternatives. So, the respondent could fill in their opinion on a range from one to five (1= Not important at all, 2= Less

important, 3= Pretty important, 4= Important and 5= Very important). A "No opinion" alternative was also available for each factor.

All of the questions in the questionnaire were closed questions. This means that the respondent was given a number of alternative answers, from which the respondent could choose. Closed questions mean that the alternative answers are predetermined, which makes them easier to compare. Furthermore, these kinds of questions are quick and easy for the respondent to answer, since they require minimal writing. We pre-coded all of the alternative answers on the questionnaire. The coding made it possible for us to easily process and analyse the data in the software program SPSS.

Due to time constraints we were not able to conduct a pilot test of our questionnaire, but since we handed out the questionnaires in person the respondents were able to ask us directly, if they found something to be unclear.

Validity

Validity is "*concerned with whether the findings are really about what they appear to be about*" (Saunders et al., 2023). It was important for us to get the right information from the questionnaire, in order to answer our second research question. It is difficult to form questions that are understandable for the respondents and at the same time provide the researchers with the right information for the purpose. We tried to construct questions that answer our research question, but even if we believe that the questions measure what we wanted them to measure, we cannot be certain. Due to time constraints we were not able to conduct a pilot test of our questionnaire and this might affect the validity. The respondents may interpret the questions differently than intended by us. Reasons to this could be that the questions were wrongly formulated and/or that the questionnaire

could not contain enough clarifications. However, these threats to validity could be reduced by the fact that we handed out the questionnaires in person and that we waited while each respondent filled out the questionnaire. This enabled them to ask us directly if something was unclear. Since we awaited each respondent's answer, we had the possibility to see that the respondent was not influenced by others. So, to conclude we believe that we were able to reduce some of the threats to validity that can occur when using a questionnaire.

Reliability

Reliability refers to "*the extent to which your data collection techniques or analysis procedures will yield consistent findings*" (Saunders et al., 2023,p.149). Reliability is about whether the measures will yield the same results on other occasions, if other researchers will reach similar results and if there is transparency in how sense was made from the raw data (Saunders et al., 2023). One threat to reliability is subject or participant error. A questionnaire handed out at different times of the week, may yield different results. Due to time constraints we had to conduct our survey during three days (Sunday, Monday and Tuesday) and these days might not have been the most appropriate days to conduct a survey on. This since, according to Saunders et al. (2023) a "neutral" time is most appropriate, meaning not in the beginning of the working week or just before the weekend. Another threat to reliability is subject or participant bias, which is about whether the respondent's answer is truthful or not. If the respondent is assured anonymity, the answers are more likely to be truthful. All the respondents of our questionnaire were anonymous and therefore we have no reason to think that their answers were untruthful. So, this can strengthen the reliability. Other threats to reliability can be observer error and observer bias. Since we used a questionnaire with standardized questions, which could only be interpreted in one way, these types of threats are not likely to occur in our case.

Chapter : 4

DATA ANALYSIS & INTERPRETATION

Analysis of the Survey

In this chapter the survey is analyzed. First, the results of the questionnaire are presented and then the chapter ends with a discussion of the results.

Introduction

Our research strategy was to conduct a survey, by using questionnaires, to collect our primary data. The purpose with our questionnaire was to gather information about how consumers perceive the importance of specific factors, for them to feel trust to purchase online. The questions in the questionnaire were based on some of the factors found in our literature review. We handed out the questionnaires in person and since we used convenience sampling, we continued the selection process until we reached our required sample size of 200 responses. The data we collected through the questionnaire was quantitative, which enabled us to process and analyse it. In the following sections, we will present and discuss the results of the questionnaire.

Questionnaire   Data

Questions 1, 2, 3 and 4

These questions served as background questions, asked to get some information about the respondent's gender, age, attitude towards purchasing online and experience of shopping online. Below, we will present and examine the results of these questions.

1. **Gender**

   Table 5.1, on the next page, shows the distribution of male and female respondents in the survey. We wanted to include gender in our survey, to examine whether there are any differences in how males and females perceive the importance of the factors. This will be examined later on in the chapter, under heading

   Discussion about the results of the survey.

Table 5.1 Q1. Gender Distribution

| MALE	118
FEMALE	82

Chart Title
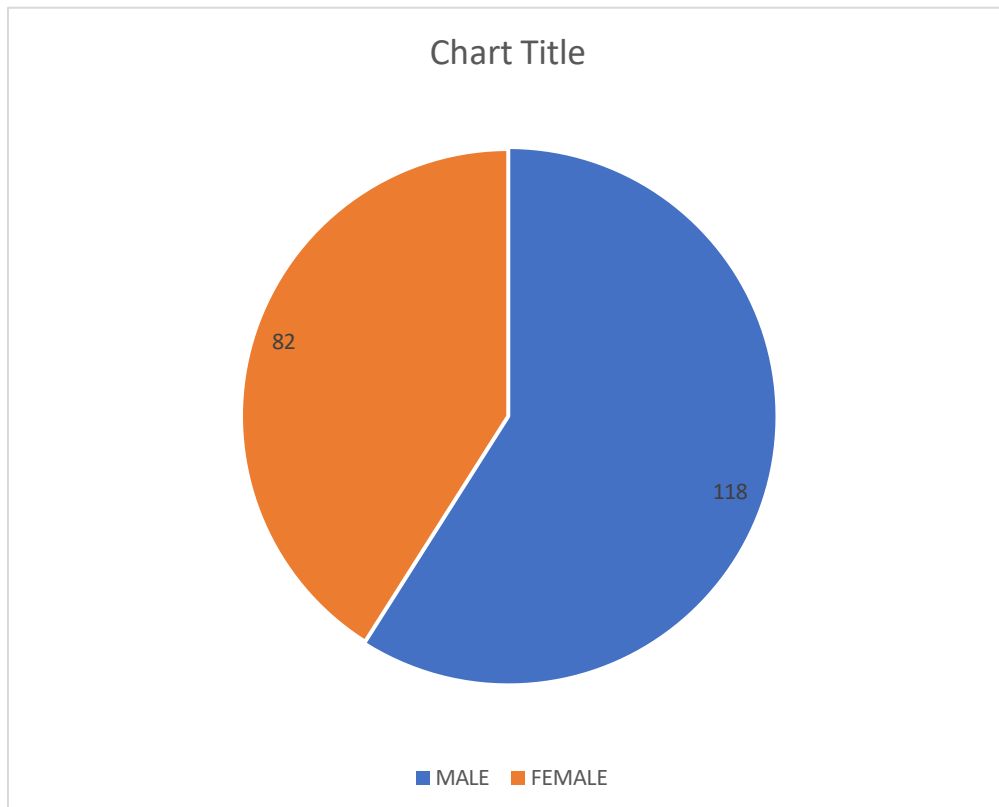
There was a majority of male respondents, 59% compared to 41% female respondents. One reason for the majority of male respondents might be because we tried to ask people that did not seem to be in a hurry, both men and women, and the male respondents were more willing to take a minute to fill out the questionnaire.

2. Age

Table 5.2 shows the distribution of the respondents according to different age groups. We wanted to include age in our survey, to later on in the chapter (under heading 5.3), examine whether there are any differences in how people of different ages perceive the importance of the factors.

Table 5.2 Q2. Distribution according to Age

18-29	63
30-39	55
40-49	36
50-59	35
60	11
Total	200
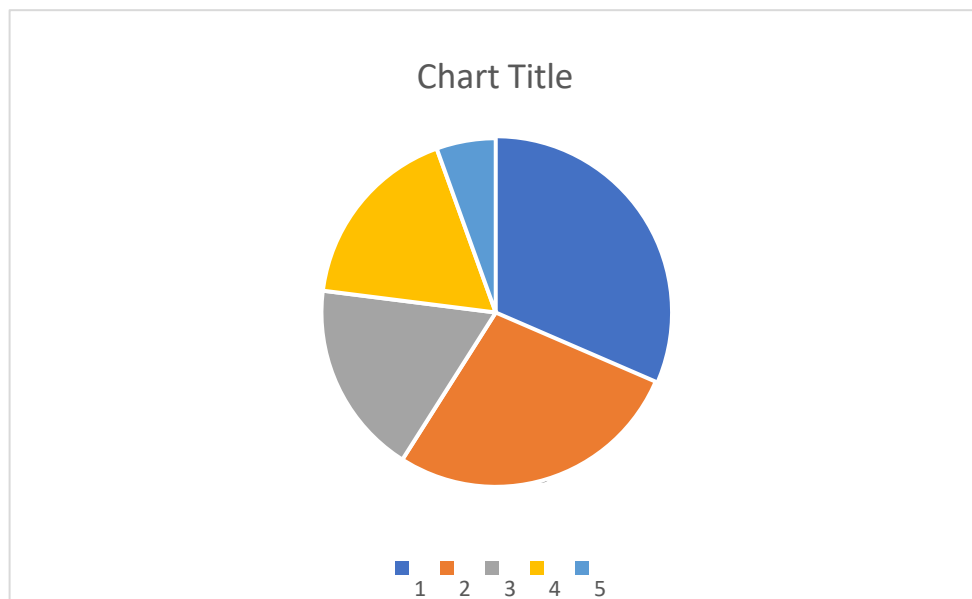
As can be seen, the respondents in the age groups 18-29 and 30-39, together constitute 59% of the total amount of respondents. It should also be noted that only 5.5% of the respondents were in the age 60 and up. We noticed that the older people became reluctant towards answering, just by hearing the words Internet and e-commerce. Many of them said that they do not use the Internet. They were reluctant to answer, even though we explained that the questions in our questionnaire did not require the respondent to have access to or experience of the Internet and e-commerce.

3.   <u>Which attitude do you have towards using the Internet, to purchase products/services?</u>

Table 5.3 shows the respondents' attitudes towards using the Internet as a shopping means. We gave three pre-set alternatives (Positive, Negative and No opinion) for the respondents to choose from. As we mentioned in our theoretical framework, the consumer's perceptions of shopping convenience mirror his or her attitude towards online shopping. This can be measured by the extent to which the Internet is accepted by the consumer, as a new shopping place and how useful it is (Chen & Dhillon, 2003). So, this is the background to why we asked this question.

Table 5.3 Q3. The Respondents' Attitudes

Positive	124
Negative	41
No opinion	35
Total	200
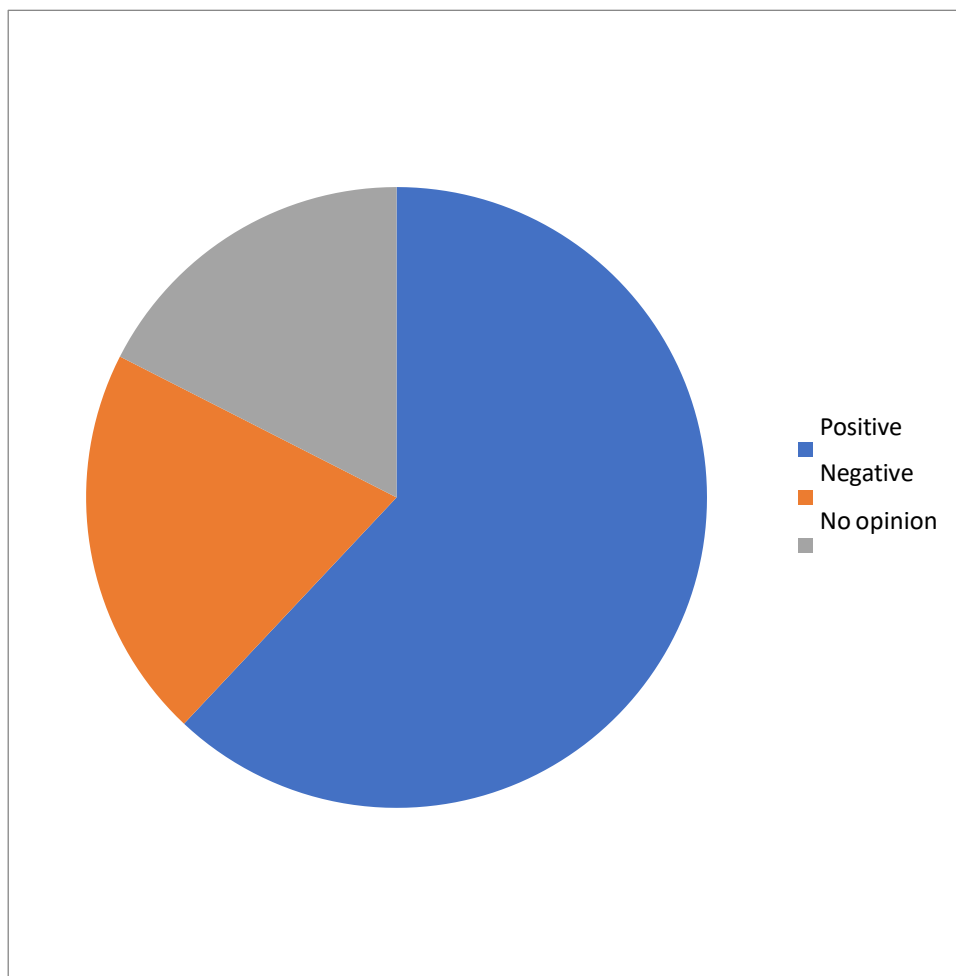
The majority of respondents, 62%, had a positive attitude, while 17.5%, had no opinion in the matter. This shows that people have different attitudes about the use of the Internet and new technologies. We think that, since 59% of the respondents were in the ages 18 to 39, this might have influenced the result on this question. We believe that people in these age groups, are perhaps more positive towards the Internet and e-commerce. To conclude, the majority of positive attitudes show that the Internet is a relatively accepted means for shopping.

4. How often do you shop on the Internet?

Table 5.4, on the next page, shows how often the respondents shop online. It can be noted that we included the alternative "Never", since we cannot assume that all the respondents have shopped on the Internet. According to Chen and Dhillon (2003), a consumer's trust in an Internet vendor may be influenced by the consumer's past online and e-store experiences, since knowledge and/or experience can lead to an increased assessment of an Internet vendor's trustworthiness. This influenced us to ask a question that

would give us an idea about the respondents' online experience, since this might affect their perception of the importance of the selected trust establishing factors.

Table 5.4 Q4. The Respondents' Purchase Behavior

	Frequency	Percent	Valid	Cumulative Percent
Valid Never	61	30,5	30,5	30,5
1-2 times per year	62	31,0	31,0	61,5
More than 2 times per year	59	29,5	29,5	91,0
1-2 times per month	11	5,5	5,5	96,5
More than 2 times per month	7	3,5	3,5	100,0
Total	200	100,0	100,0	
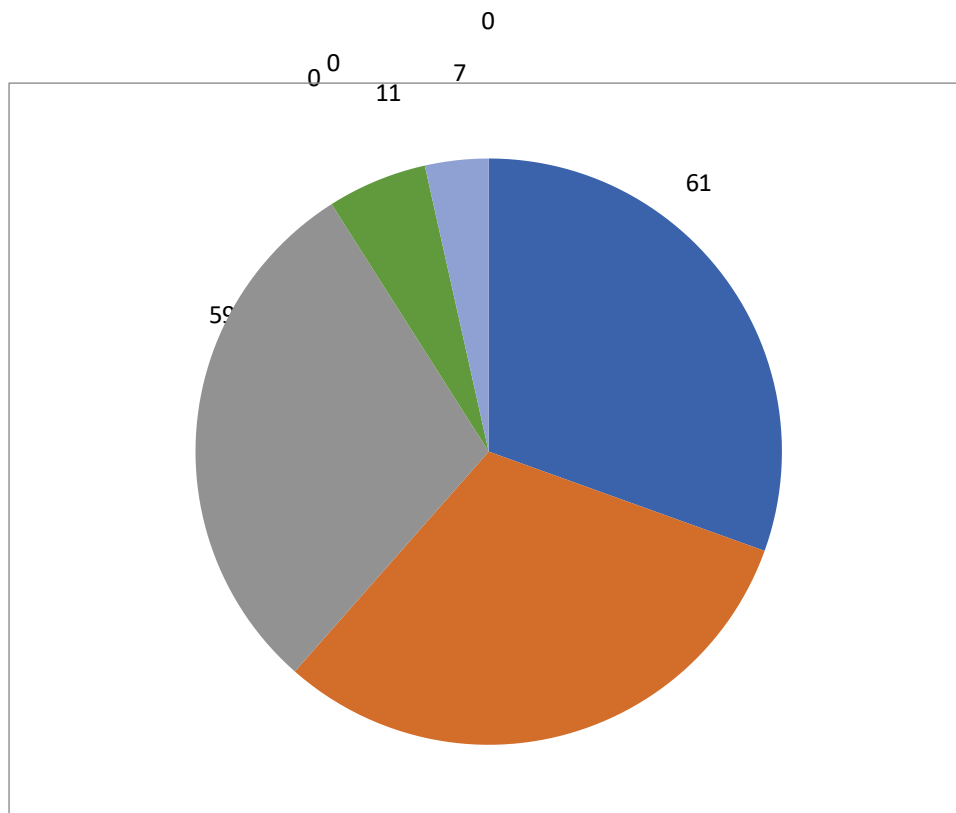
A majority of the respondents, 69.5%, have experience of shopping online. Of the respondents with experience of shopping online, a majority purchase on a yearly basis and only a few purchase as frequently as every month. The remaining 30.5% answered that they never shop on the Internet and therefore have no experience. Later on in this chapter (under heading 5.3), we will analyse if there are any differences in how the respondents perceive the importance of the different factors, depending on their level of experience of shopping online.

Question 5

5. If you have purchased / would purchase on the Internet, <u>how important are the following factors for you to feel trust to purchase on the Internet?</u> This was the main question in our questionnaire, which was going to provide us with the answer to our second research question. As Rule and Friedberg (2005) stated, participants have to feel the trust before the marketplace can be trusted. The main factors and the subfactors, selected to be included in the questionnaire, were presented in the end of our theoretical framework. The main factors, important for establishing trust online, were:

- Security   -   The Website
- Privacy   -   Information
- Guarantees   -   Control
- Customer Service -   Price
- Familiarity

Below we will present the responses, on question 5, for each of the selected subfactors. The responses on each subfactor will be presented in the same order as they appear on the questionnaire (see Appendix 1 or 2). For all subfactors, the respondents were asked to answer on a scale from 1-5 (1=Not important at all, 2= Less important, 3= Pretty important, 4= Important and 5= Very important). The alternative "No opinion" was also available. We will show frequency tables for each factor and shortly comment on the distribution of answers. We will conclude this presentation with a discussion of the answers, under heading 5.3
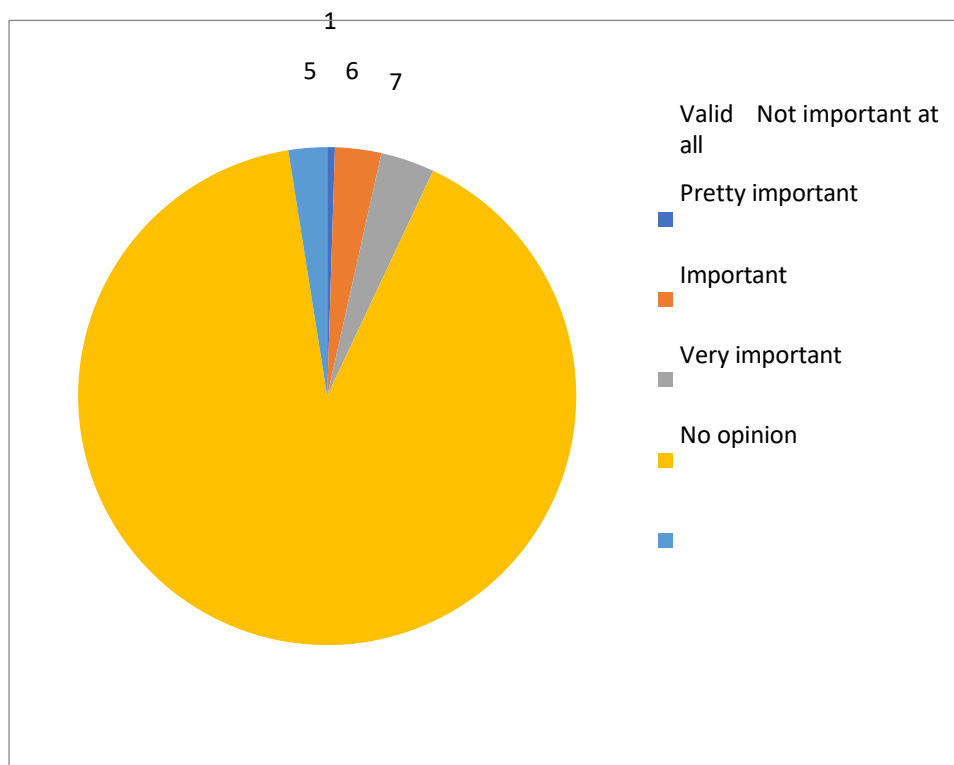
a. Security

Tables 5.5 - 5.7 shows how important the respondents perceived these subfactors to be, for them to feel trust to purchase online.

▪ Secure and reliable payment systems.

Table 5.5 Q5a. Security

|	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important at all	1	,5	,5	,5
Pretty important	6	3,0	3,0	3,5
Important	7	3,5	3,5	7,0
Very important	181	90,5	90,5	97,5
No opinion	5	2,5	2,5	100,0
Total	200	100,0	100,0	

As can be seen in the table, the vast majority of the respondents, 90.5%, perceived secure and reliable payment systems to be very important.

Information about how security solutions work.

Table 5.6 Q5a. Security

|	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Not important at all	1	,5	,5	,5
Less important	2	1,0	1,0	1,5
Pretty important	12	6,0	6,0	7,5
Important	30	15,0	15,0	22,5
Very important	143	71,5	71,5	94,0
No opinion	12	6,0	6,0	100,0
Total	200	100,0	100,0	
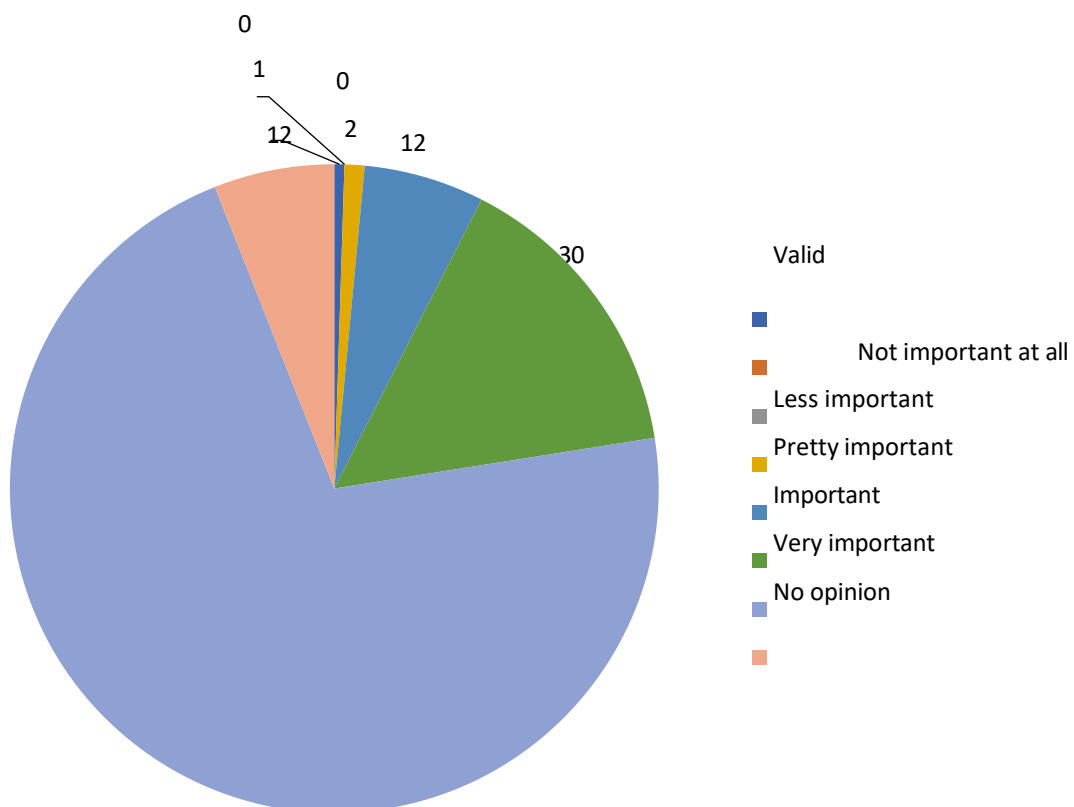
71.5% of the respondents perceived this subfactor to be very important. This percentage shows a great majority, although it is not as high as the percentage for very important, on the previous factor.

▪   Possibility to choose payment method (for example, invoice, cash on delivery, bank/credit card).

Table 5.7 Q5a. Security

Valid				Cumulative
	Frequency	Percent	Valid Percent	Percent
Not important at all	1	,5	,5	,5
Less important	1	,5	,5	1,0
Pretty important	9	4,5	4,5	5,5
Important	53	26,5	26,5	32,0
Very important	132	66,0	66,0	98,0
No opinion	4	2,0	2,0	100,0
Total	200	100,0	100,0	
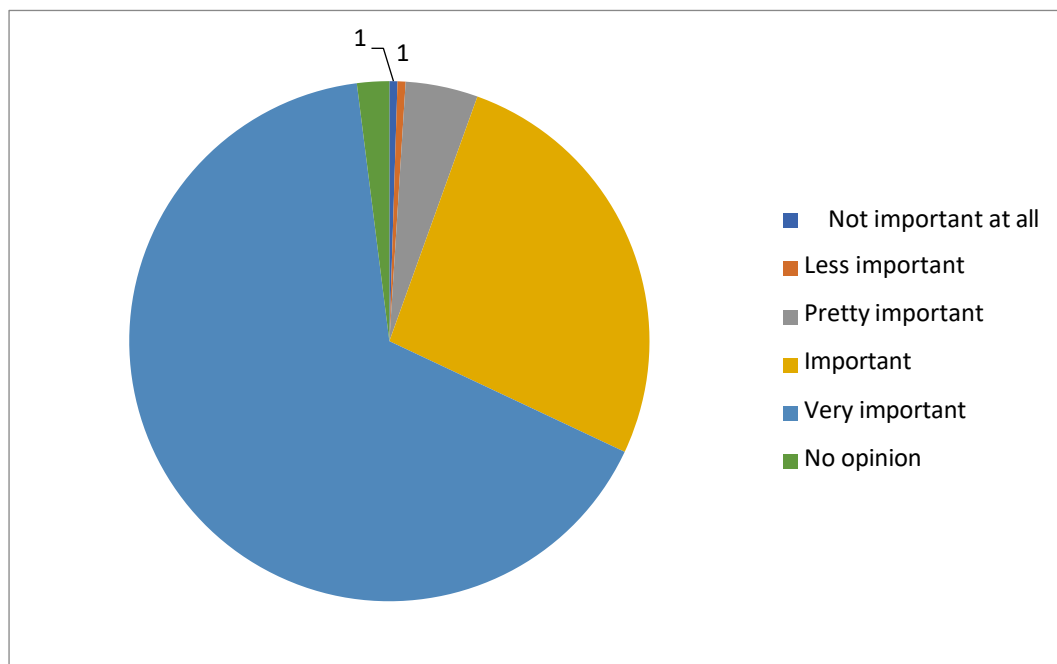
This table shows that, 66% of the respondents thought that it is very important to have the possibility to choose payment method. Here, a great majority of the responses are on the alternatives "Important" and "Very Important".
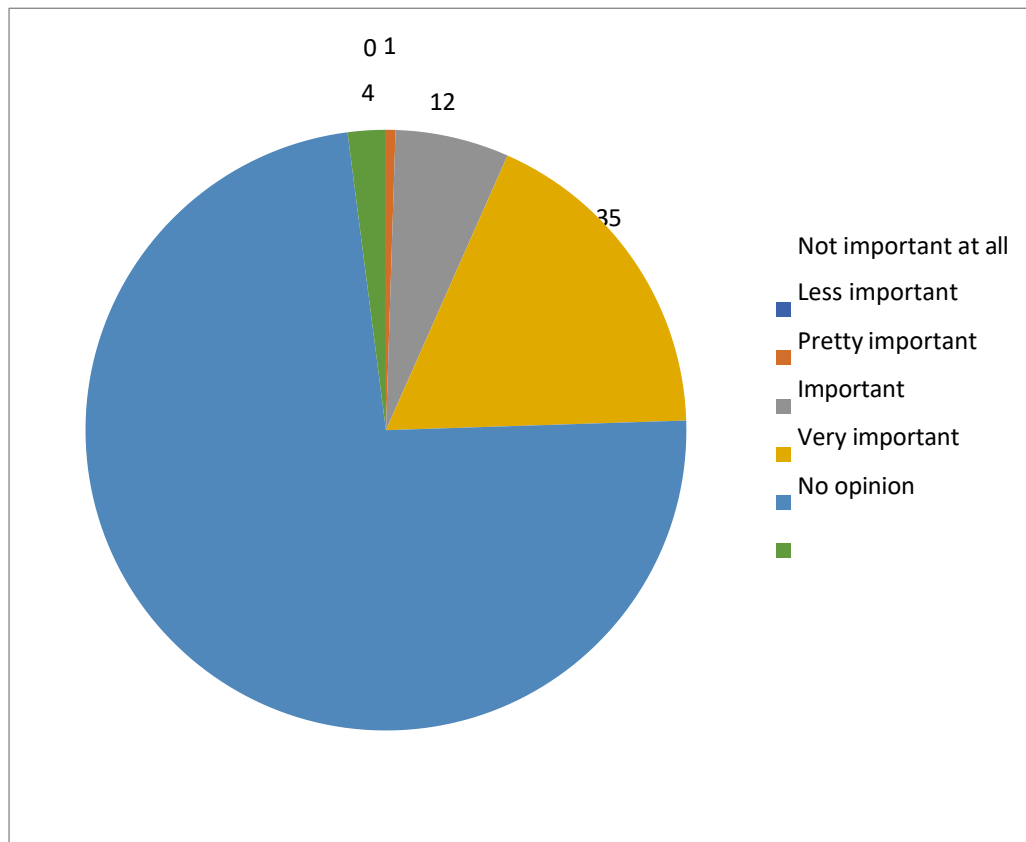
b. Privacy

Tables 5.8 - 5.9 shows how important the respondents perceived these subfactors to be, for them to feel trust to purchase online.

▪   Knowledge about how the personal information that you fill in, when ordering, is handled.

Table 5.8 Q5b. Privacy

| Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	4	2,0	2,0	2,0
Less important	1	,5	,5	2,5
Pretty important	12	6,0	6,0	8,5
Important	35	17,5	17,5	26,0
Very important	144	72,0	72,0	98,0
No opinion	4	2,0	2,0	100,0
Total	200	100,0	100,0	

A majority of 72% thought that it is very important to know how their personal information is handled.

- Policy for the handling of personal information, on a visible place on the company's homepage.

Table 5.9 Q5b. Privacy

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	3	1,5	1,5	1,5
Less important	1	,5	,5	2,0
Pretty important	10	5,0	5,0	7,0
Important	45	22,5	22,5	29,5
Very important	135	67,5	67,5	97,0
No opinion	6	3,0	3,0	100,0
Total	200	100,0	100,0	
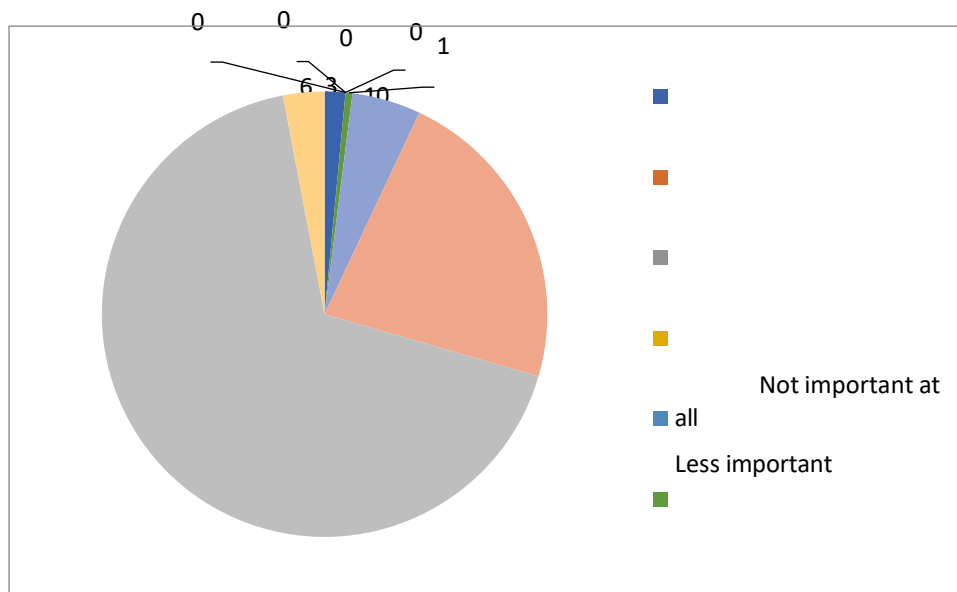
Here 67.5% responded "Very important" and 22.5% responded "Important". So, a clearly stated privacy policy is of great importance for the respondents to feel trust.
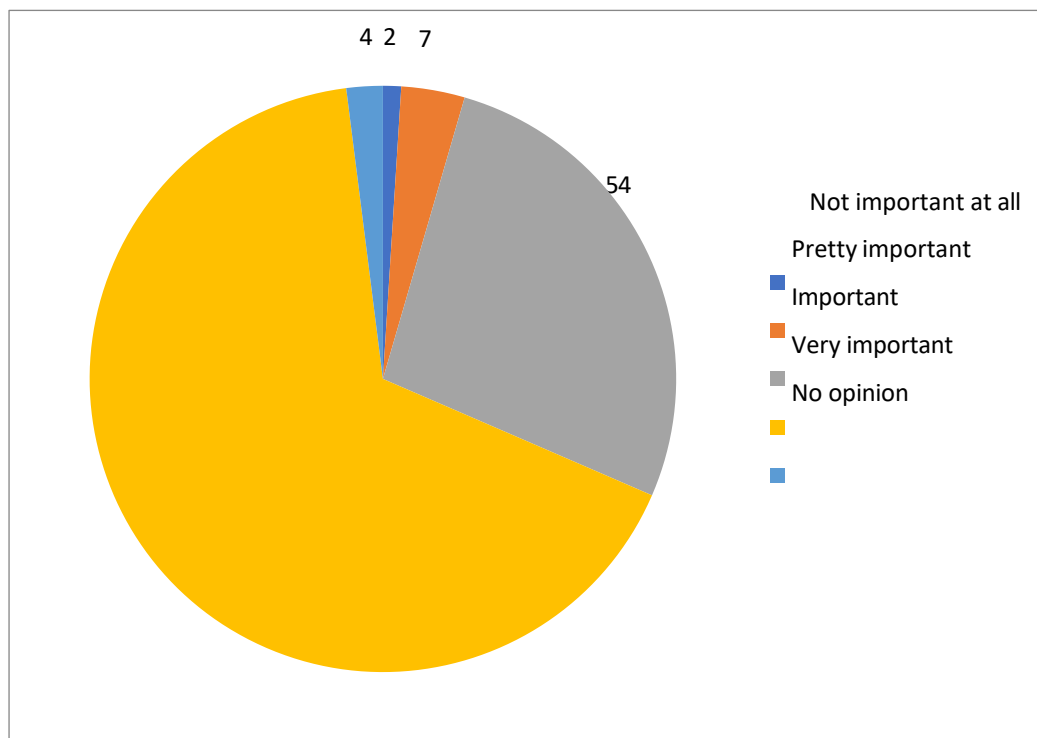
c. Guarantees

Tables 5.10 - 5.11 shows how important the respondents perceived these subfactors to be, for them to feel trust to purchase online.

▪   Standard terms in connection to the order form (terms for returns, refunds etc.).

Table 5.10 Q5c. Guarantees

|	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	2	1,0	1,0	1,0
Pretty important	7	3,5	3,5	4,5
Important	54	27,0	27,0	31,5
Very important	133	66,5	66,5	98,0
No opinion	4	2,0	2,0	100,0
Total	200	100,0	100,0	

This table shows that, again a majority of respondents answered "Very important" and 27% answered that it is important.

▪ Confirmation on the order and purchase.

Table 5.11 Q5c. Guarantees

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	2	1,0	1,0	1,0
Less important	1	,5	,5	1,5
Pretty important	11	5,5	5,5	7,0
Important	55	27,5	27,5	34,5
Very important	128	64,0	64,0	98,5
No opinion	3	1,5	1,5	100,0
Total	200	100,0	100,0	
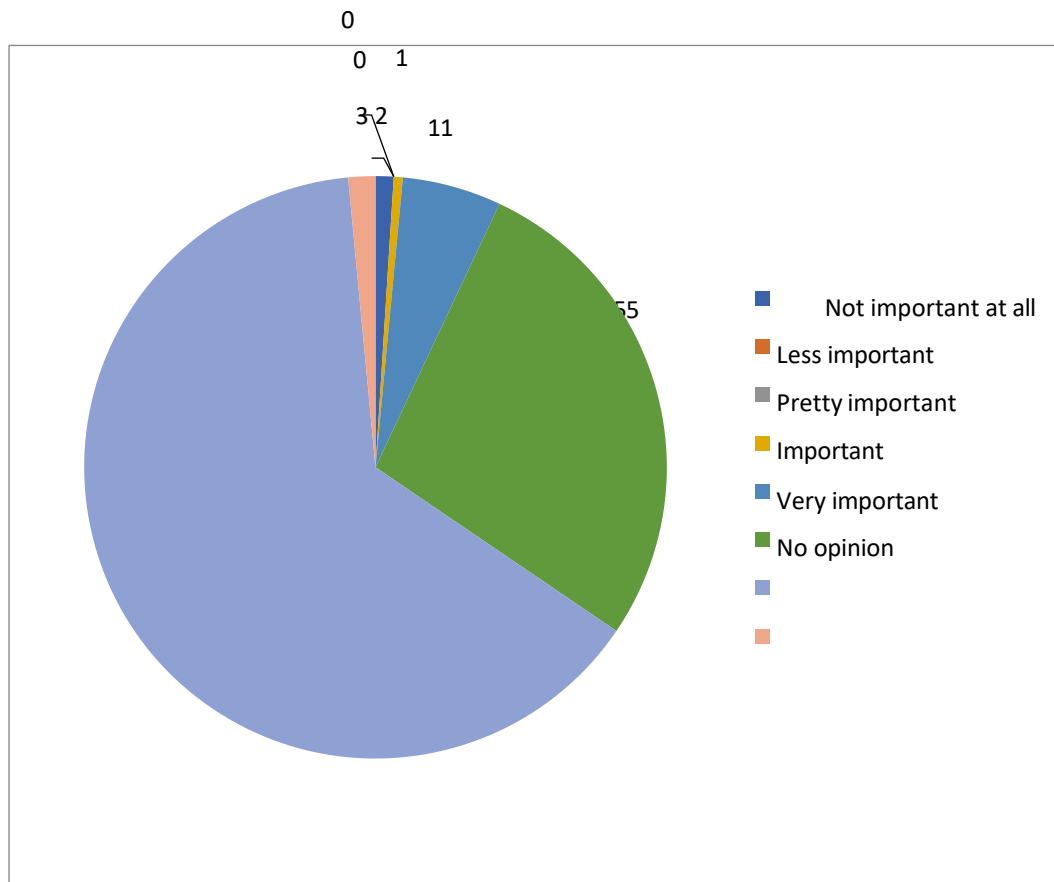
The distribution of answers in this table is similar to table 5.10 for standard terms. This shows that the respondents perceive these two subfactors as equally important.

d. Customer Service

Table 5.12 shows how important the respondents perceived this subfactor to be, for them to feel trust to purchase online.

▪ Possibility to ask questions and get help directly, online or by telephone.

Table 5.12 Q5d. Customer Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Less important	3	1,5	1,5	1,5
Pretty important	14	7,0	7,0	8,5
Important	71	35,5	35,5	44,0
Very important	110	55,0	55,0	99,0
No opinion	2	1,0	1,0	100,0
Total	200	100,0	100,0	
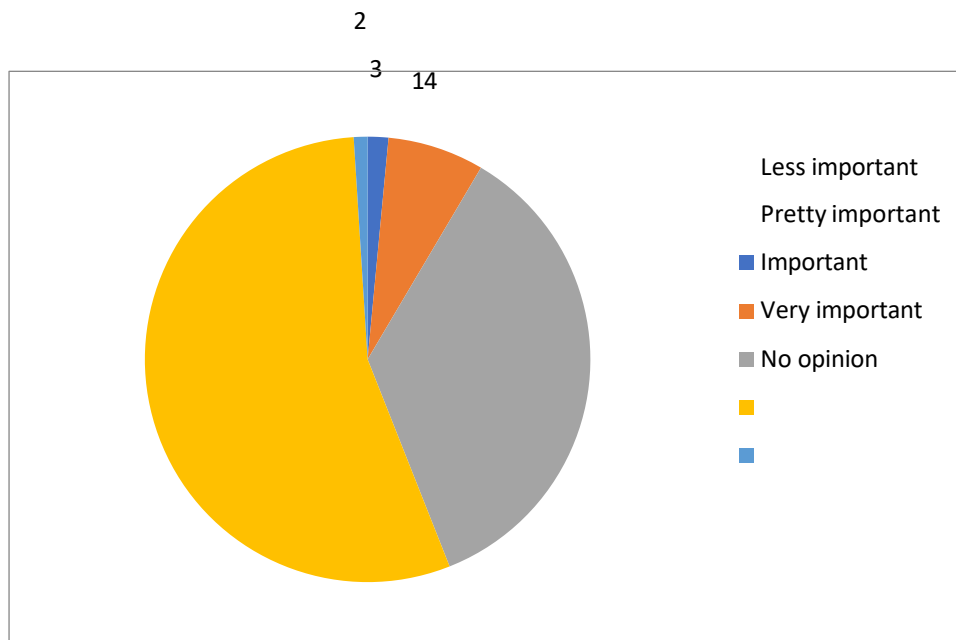
The majority, 55%, answered "Very important". Here we can see that, compared to the subfactors under security and privacy, the majority of responses for very important is not so superior.

e. Familiarity

Tables 5.13 - 5.14 shows how important the respondents perceived these subfactors to be, for them to feel trust to purchase online.

▪ The Brand

Table 5.13 Q5e. Familiarity

|	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	2	1,0	1,0	1,0
Less important	9	4,5	4,5	5,5
Pretty important	36	18,0	18,0	23,5
Important	77	38,5	38,5	62,0
Very important	73	36,5	36,5	98,5
No opinion	3	1,5	1,5	100,0
Total	200	100,0	100,0	
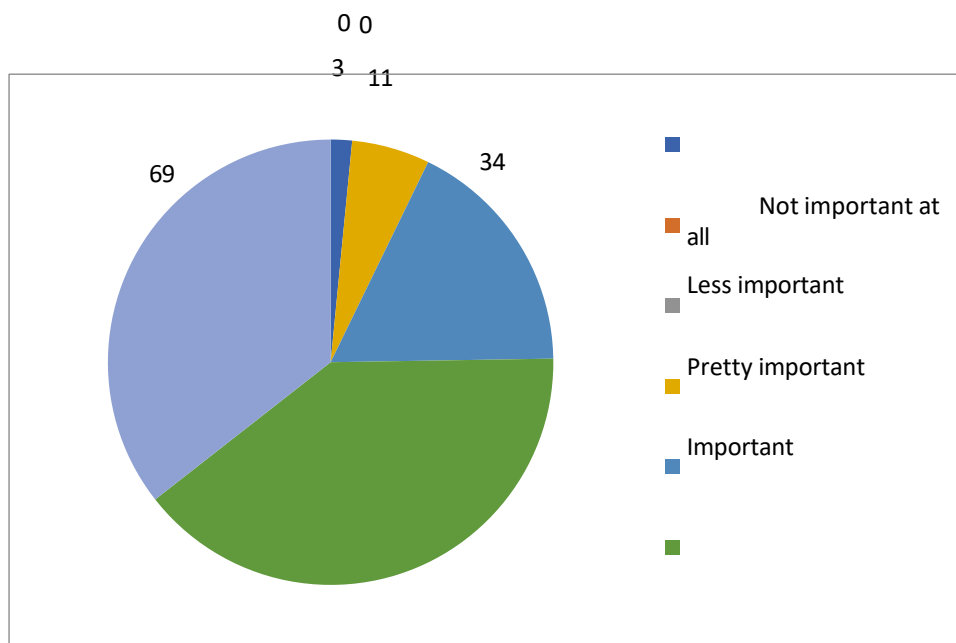
Here we can notice a difference in the distribution of answers. Of the respondents, 38.5% have responded "Important" and this is the majority. However, several respondents (36.5%) answered that they perceive the brand to be a very important factor. Compared to previous factors, the number of respondents that answered "Pretty important" (18%) has increased.

▪   Reputation / Recommendations, for example, in media, from family and friends.

Table 5.14 Q5e. Familiarity

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	3	1,5	1,5	1,5
Less important	11	5,5	5,5	7,0
Pretty important	34	17,0	17,0	24,0
Important	77	38,5	38,5	62,5
Very important	69	34,5	34,5	97,0
No opinion	6	3,0	3,0	100,0
Total	200	100,0	100,0	
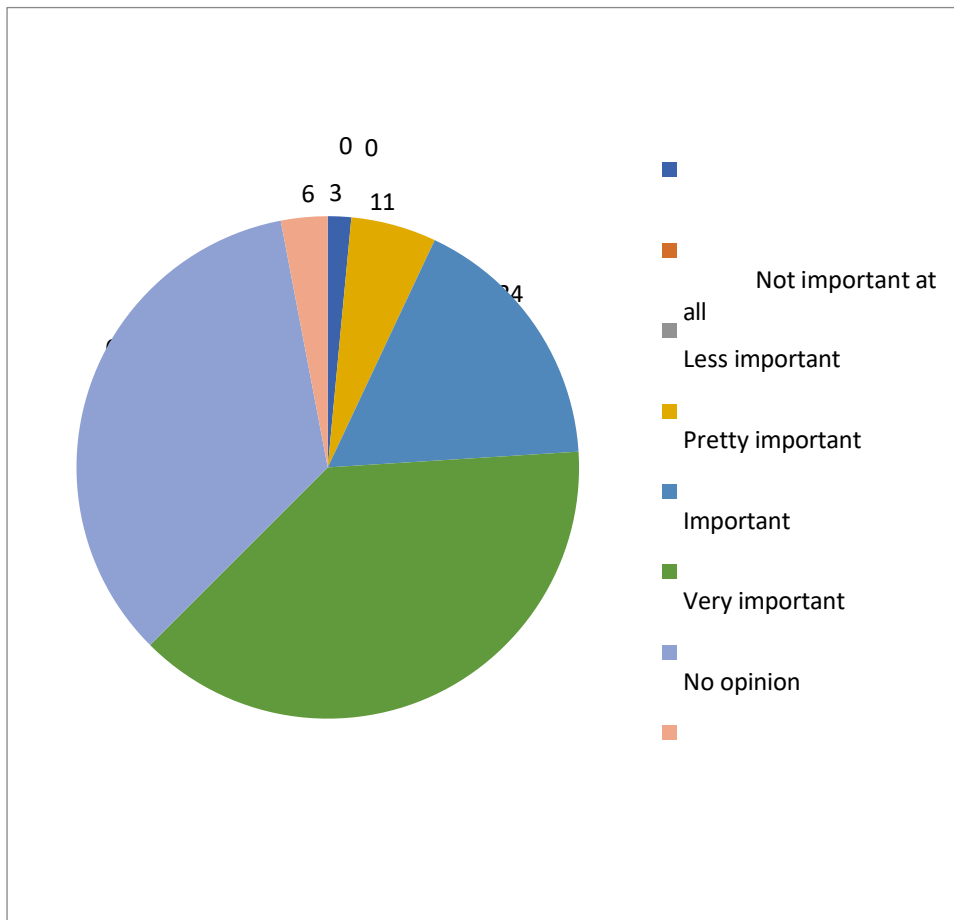
The distribution of answers in this table is similar to table 5.13 for the brand. The

majority of respondents, 38.5%, answered "Important".

f. The Website

Tables 5.15 - 5.16 shows how important the respondents perceived these subfactors to be, for them to feel trust to purchase online.

▪ Design – how the website looks.

Table 5.15 Q5f. The Website

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	4	2,0	2,0	2,0
Less important	35	17,5	17,5	19,5
Pretty important	55	27,5	27,5	47,0
Important	57	28,5	28,5	75,5
Very important	39	19,5	19,5	95,0
No opinion	10	5,0	5,0	100,0
Total	200	100,0	100,0	
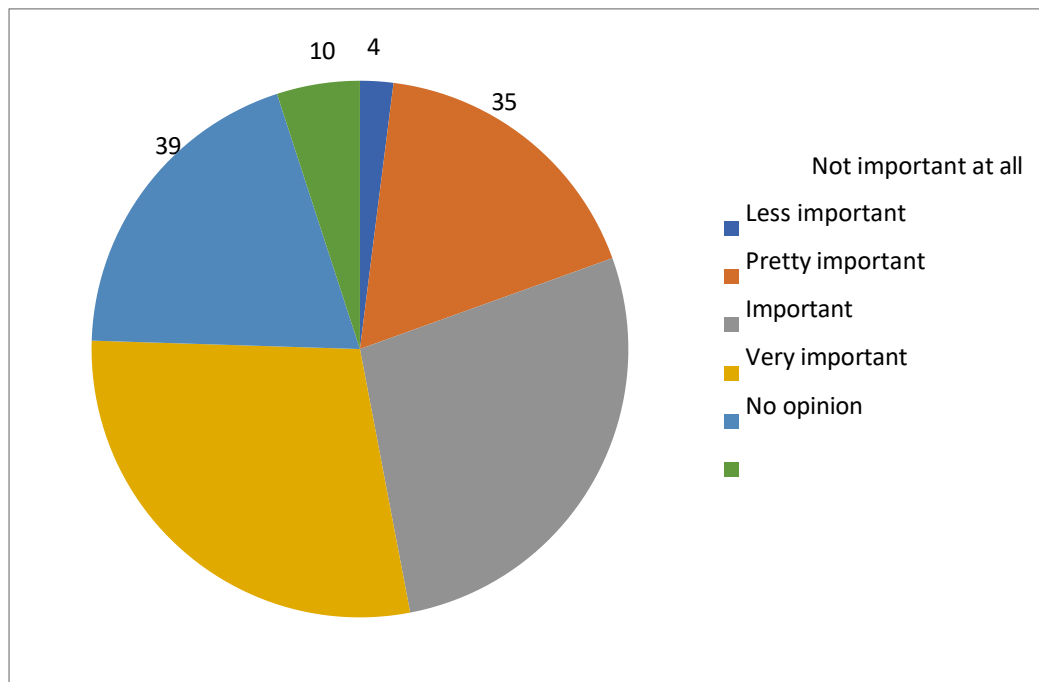
Here the answers are more evenly dispersed between the alternatives. A majority of the respondents answered "Important" and "Pretty important". On this factor, we can notice a greater change of the distribution of answers, than for the previous factors. Not so many respondents perceived the design to be very important.

Functionality – user friendly, easy to navigate in the menus etc. **Table 5.16** Q5f. The Website

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	2	1,0	1,0	1,0
Less important	1	,5	,5	1,5
Pretty important	20	10,0	10,0	11,5
Important	76	38,0	38,0	49,5
Very important	93	46,5	46,5	96,0
No opinion	8	4,0	4,0	100,0
Total	200	100,0	100,0	
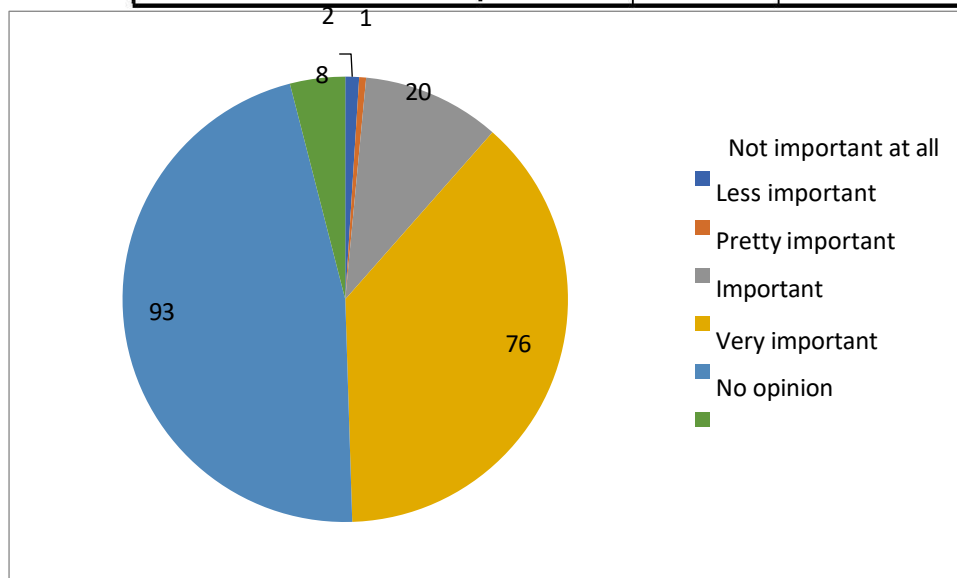
Functionality is perceived as very important, by a majority of the respondents (46.5%) and 38% perceived it as important. However, the majority of responses for very important, is not so   great.
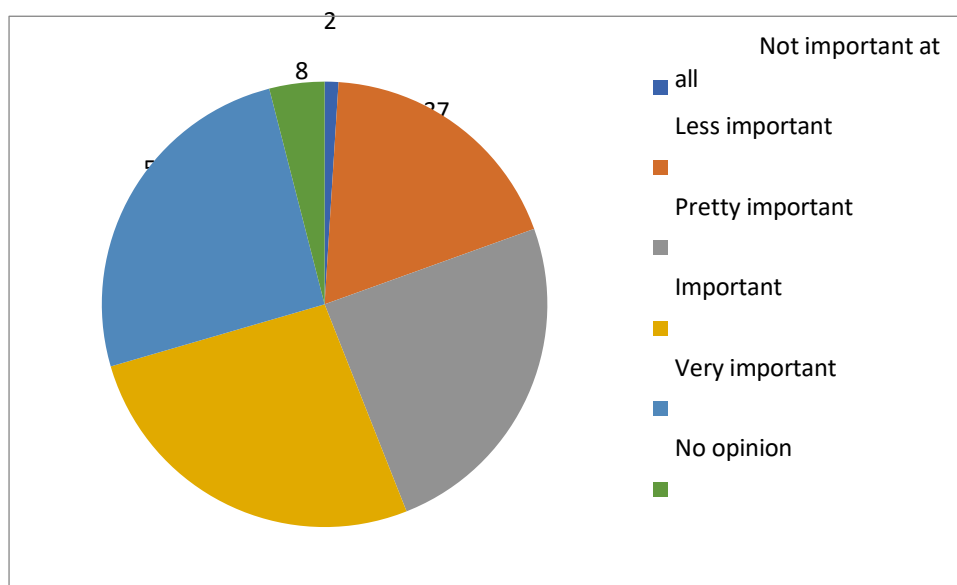
g. Information

Table 5.17 shows how important the respondents perceived this subfactor to be, for them to feel trust to purchase online.

▪   Information about the company on the website (for example, who owns the company, number of years in business etc.).

Table 5.17 Q5g. Information

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	2	1,0	1,0	1,0
Less important	37	18,5	18,5	19,5
Pretty important	49	24,5	24,5	44,0
Important	53	26,5	26,5	70,5
Very important	51	25,5	25,5	96,0
No opinion	8	4,0	4,0	100,0
Total	200	100,0	100,0	

As in table 5.15, about the design of the website, the answers are more evenly dispersed between the alternatives. The percentages for the alternatives pretty important, important and very important, are almost the same for all three.
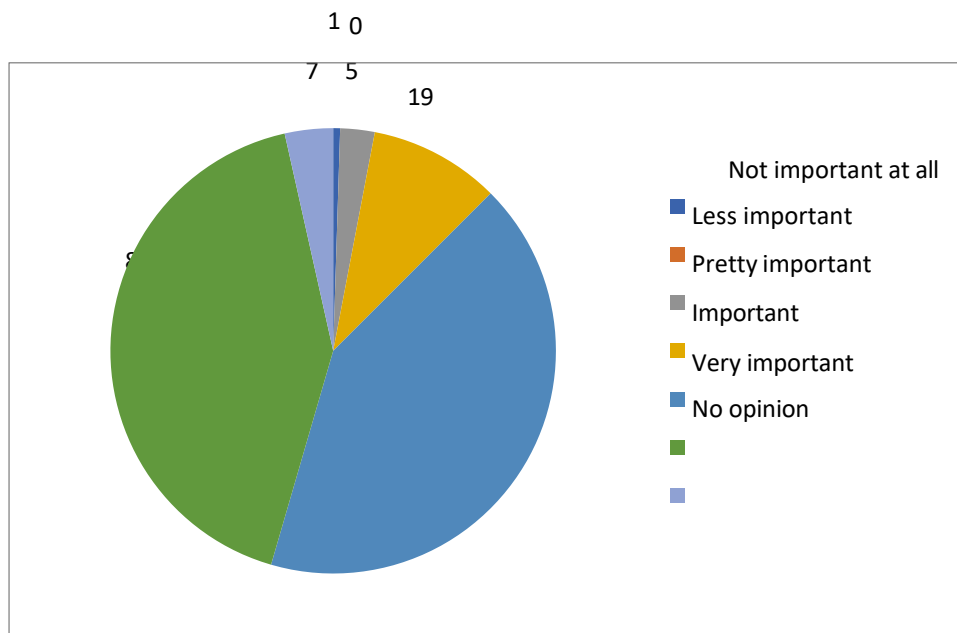
h. Control

Table 5.18 shows how important the respondents perceived this subfactor to be, for them to feel trust to purchase online.

▪   That you are convenient with using the Internet and the technology – feel control.

Table 5.18 Q5h. Control

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	1	,5	,5	,5
Less important	5	2,5	2,5	3,0
Pretty important	19	9,5	9,5	12,5
Important	84	42,0	42,0	54,5
Very important	84	42,0	42,0	96,5
No opinion	7	3,5	3,5	100,0
Total	200	100,0	100,0	

The same amount of respondents, 42%, has answered "Important" and "Very important". It is important for most of the respondents to feel

convenient with using the Internet and new technology, meaning feeling control.
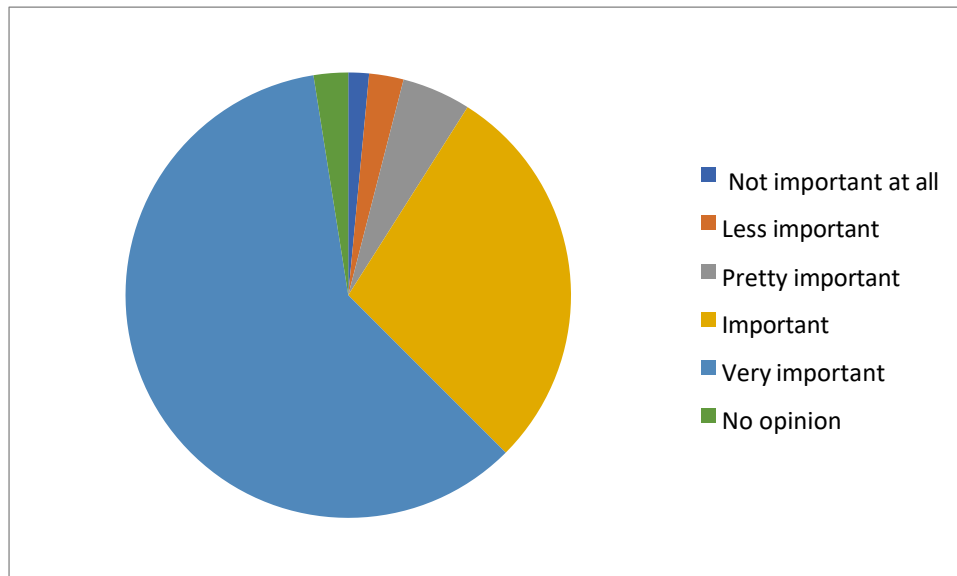
i. Price

Table 5.19 shows how important the respondents perceived this subfactor to be, for them to feel trust to purchase online.

▪ The price of the product / service.

Table 5.19 . Price

	Frequency	Percent	Valid Percent	Cumulative Percent
Not important at all	3	1,5	1,5	1,5
Less important	5	2,5	2,5	4,0
Pretty important	10	5,0	5,0	9,0
Important	57	28,5	28,5	37,5
Very important	120	60,0	60,0	97,5
No opinion	5	2,5	2,5	100,0
Total	200	100,0	100,0	

Here a great majority of the respondents, 60%, answered that the price was a very important factor.

Discussion about the results of the survey

We have now reviewed the respondents' answers on question 5, on how important different subfactors were for them to feel trust to purchase online. This question enables us to see if there are any differences in how important the different factors are perceived to be. We were able to distinguish some factors that the respondents perceived as more important. As mentioned in the introduction chapter, security and privacy issues are often seen as barriers to shopping online. We can see from the results in our survey that the subfactors under security as well as under privacy, gained high percentage of responses on the alternative "Very important". This shows that security and privacy are factors that are of great importance for the consumers to feel trust, to purchase online. The subfactor secure and reliable payment systems received the highest percentage, of all the subfactors, on the alternative "Very important. As many as 90% of the respondents perceived this subfactor to be very important.

As we have mentioned in the

 theory, it is important for the consumers to feel secure about not being exposed to fraud or that the money disappears due to technical problems. So, safety is a major concern for many consumers. Other factors that gained high percentages, above 50%, on the alternative "Very important" were the subfactors under guarantees, customer service and price. To conclude, many consumers think it is important that the Internet vendor provides information about standard terms. It is also important for them to get a confirmation on their order and purchase. Furthermore, it is important that the Internet vendor provides good customer service, by offering the customers help and support online. The price was also perceived as very important. This might show, as we mentioned before in the theoretical chapter under comments, that the price influence the decision whether to take the step to purchase online. Consumers might feel more trust to purchase online if the price of the product or service is low. The subfactor functionality was also perceived as important. The subfactor under information and the subfactor website design were not perceived as so important for the consumers to feel trust. After reviewing the literature we found that information was mentioned as an important factor for establishing trust. However, this factor did not receive so many answers on very important in our study. As mentioned earlier in the theoretical chapter, Hansen (2005) claims that the average online buyer does not pay so much attention to the brand. It is more important how the website looks and works. Our study differed somewhat from what Hansen claims. In our study the brand was perceived to be more important than how the website looks, which is the opposite from what Hansen says.

However, functionality, meaning how the website works, was perceived as more important than the brand.

The level of trust needed to take the step and engage in online transactions is different for each individual. As we mentioned earlier in this chapter, we included gender, age and respondents' purchase behavior in our survey to examine whether there are any differences in how the respondents perceive the importance of the factors depending on these variables.

From the data we collected, we also calculated the mean values for how the respondents had answered on each subfactor depending on gender (see Appendix 3, Table of the mean values). The higher the mean value for a subfactor, the more important the factor was perceived to be. The mean value for male and female answers were quite similar, but when it comes to privacy, we noticed that females perceive this factor as somewhat more important than males. This, can indicate that females are a bit more concerned about providing personal information, without knowing how it is handled.

As we mentioned above, we also included age in our survey to examine whether there are any differences in how people of different ages perceive the importance of the factors. When we looked at the mean values for the respondents' answers on the different subfactors according to the age groups (see Appendix 4, Table of the mean values), we found that overall the mean values in the age group 18-29 were the lowest. One reason for the lower mean values can be that younger people are more familiar with using the Internet and also shopping online. The fact that they are familiar with the online environment make them more secure and perhaps therefore, do not value the importance of the trust factors as high as someone with limited or no experience of the online environment. When examining the mean values further, we saw a tendency that the mean value for each subfactor gradually increased from the age group 30- 39 to 40-49 and so on. The respondents in the age group 60 and over received the highest mean values on each subfactor. It is possible to assume, that since the respondents in this age group seemed very reluctant and insecure towards using the Internet and purchasing online, they value the importance of each factor higher than the other age groups. This might also indicate that they are very insecure about using new technologies.

The consumer's perceptions of shopping convenience mirror his or her attitude towards online shopping. This can be measured by the extent to which the Internet is accepted by the consumer as a new shopping place and how useful it is. The results of our study show that a majority of the respondents have a positive attitude towards using the Internet as a shopping

means. As mentioned under question 3, the fact that 59% of the respondents were in the ages 18 to 39 may have influenced the result on this question.

As mentioned earlier, the consumer's trust in an Internet vendor may be influenced by the consumer's past online experiences, since knowledge and experience can lead to an increased view of an Internet vendor's trustworthiness. This influenced us to ask a question that would give us an idea about the respondents' online experience, since this might affect their perception of the importance of the selected trust establishing factors. Our study revealed that those respondents, who have never shopped online, got relatively high mean values on several subfactors (see Appendix 5, Table of the mean values). This perhaps, since they are more concerned and have higher expectations on what is needed to make them feel trust to purchase online. The subfactors under security and privacy were perceived as most important for these respondents to feel trust, to purchase online. Another group that received high mean values were the respondents that shopped more than 2 times a month. This surprised us a little, since we thought that due to the fact that they are more experienced, they would not value the importance of the different subfactors as high as they did. We thought that the respondents that shop 1-2 times a year, would perceive the factors to be more important than more experienced shoppers did. The fact that the respondents that shopped more than 2 times a month received high mean values, somewhat contradicts what Chen and Dhillon (2003) states, which we mentioned earlier. According to them knowledge and/or experience can lead to an increased assessment of an Internet vendor's trustworthiness.

To conclude, our purpose with the survey was not to build any new theory or model, but to get a better understanding of how consumers perceive the importance of specific factors, for them to feel trust to purchase online. With this chapter, we have answered our second research question.

Conclusions

Summary of the Dissertation

An often mentioned reason for consumers not purchasing from Internet vendors, is the lack of trust. Thus, there is a need for promoting trust and confidence on the Internet. Trust is an essential tool for a transaction to take place, both in an online and offline environment. Trust is multi-dimensional and difficult to define. The level of trust needed to take the step and engage in online transactions is different for each individual. It is difficult to say what trust is for different people. How people perceive trust can be influenced by that they have different backgrounds, experiences and expectations. In e-commerce, the Internet vendors as well as their websites can be trust-building sources in themselves. So, it is important for companies to learn how to manage consumers' trust in e-commerce. Although, building consumer trust on the Internet is a challenge for online vendors.

The potential risk in e-commerce is greater because of the anonymity, distance and lack of physical interactions. Physical clues in the traditional shopping environment, such as the appearance of the store and the direct contact with sales persons that affect consumers sense of trust, are absent in the online environment. This lack of physical clues and physical interaction in the online environment, make it more difficult to establish trust with the consumers. So, this constitutes a major challenge for companies that engage in e-commerce. Therefore, it is important to find factors that help to establish consumer trust in e-commerce. Businesses are not able to directly control the trust their customers feel. They can just build environments that encourage people to feel trust. A marketplace can be trustworthy, but the

participants have to feel the trust before the marketplace can be trusted. We found it interesting to find out which factors are important for establishing consumer trust in the online shopping environment. The purpose with this dissertation was to get a better understanding of consumer trust in e-commerce. By reviewing relevant literature on consumer trust in e-commerce, we aimed to find important factors that help to establish trust online. From these we selected some specific factors that guided our empirical research, where we intended to investigate how consumers perceive the importance of the selected factors, for them to feel trust to purchase online.

Conducting a survey in form of a questionnaire seemed like the most appropriate strategy to be able to get a picture of consumers' opinions in the matter. The purpose with the questionnaire was to gather information about how consumers perceive the importance of different trust factors. The questions in the questionnaire were based on the factors found in our literature review. Many previous studies look at consumer trust towards a specific Internet vendor and its website, but the aim with our survey was to look at consumer trust in e-commerce in general.

We have found that there are many factors that help establish trust, which are relevant for the customers when purchasing online. We think that, which factors that are important for establishing trust depend to some degree on the current situation and consumers' concerns at that time. Security and privacy issues are often seen as barriers to shopping online. We were able to see from the results in our survey that the subfactors under security, as well as under privacy, gained high percentage of responses on the alternative "Very important". This showed that security and privacy are factors that are of great importance for the consumers to feel trust, to purchase online. The factors, information and website design were not perceived as so important for the consumers to feel trust. To conclude, the purpose with our dissertation was not to build any new theory or model, but to get a better understanding of consumer trust in e-commerce.

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QUESTIONNAIRE

Please check the alternative that applies for you

1. Are you…

    (i)   Male
    (ii)   Female

2. Age:

(i) 18-29 years (ii) 30-39 years (iii) 40-49 years (iv) 50-59 years (v) 60 years

3 .Which attitude do you have towards using the Internet, to purchase products/services?

    (i)   Positive
    (ii)   Negative
    (iii)   No opinion

4. How often do you shop on the Internet?

    (i)   Never
    (ii)   1-2 times per year
    (iii)   than 2 times per year
    (iv)   1-2 times per month
    (v)   More than 2 times per month

5.If you have purchased / would purchase on the Internet, how important are the following factors for you to feel trust to purchase on the Internet?

    a.   Security

▪ Secure and reliable payment systems.

(i)Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

▪ Information about how security solutions work.

(i)Not important at all   (ii) Less important
(iii)   Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

▪   Possibility to choose payment method (for example, invoice, cash on delivery, bank/credit card).

(i)Not important at all   (ii) Less important
(iii)   Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

b.   Privacy

▪   Knowledge about how the personal information that you fill in, when ordering, is handled.

(i) Not important at all   (ii) Less important
(iii)Pretty important   (iv) Important
(v) Very important   (vi) No opinion

▪   Policy for the handling of personal information, on a visible place
on the company's homepage.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

c.   Guarantees

▪   Standard terms in connection to the order form (terms for returns,
refunds etc.).

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

▪   Confirmation on the order and purchase.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

d. Customer Service

▪   Possibility to ask questions and get help directly, online or by telephone.
(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

e. Familiarity

▪ The Brand.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

▪   Reputation / Recommendations, for example, in media, from
family and friends.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

f. The Website

▪   Design – how the website looks.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v) Very important   (vi) No opinion

- Functionality – user friendly, easy to navigate in the menus etc.

(i) Not important at all   (ii) Less important
(iii) Pretty important   (iv) Important
(v)   Very important   (vi No opinion

g.   **Information**

▪   Information about the company on the website (for example, who owns the company, number of years in business etc.).

i) Not important at all   (ii) Less important
(iii)   Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

h.   **Control**

▪   That you are convenient with using the Internet and the technology – feel control.

i) Not important at all   (ii) Less important
(iii)   Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

i.   **Price**

▪   The price of the product / service.

i) Not important at all   (ii) Less important
(iii)   Pretty important   (iv) Important
(v)   Very important   (vi) No opinion

Thank you for your participation!