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Can the building of trust overcome consumer perceived risk online?

Sally Harridge-March

Oxford Brookes University Business School, Wheatley, UK

Abstract

Purpose – To explore the role of trust and risk in consumers' apparent reluctance to convert from internet browsers to potential online purchasers. To consider how marketing planners in that environment can devise strategies that balance perceptions of risk against perceptions of trustworthiness.

Design/methodology/approach – The literatures of trust and risk were reviewed, with a focus on internet usage and online buying. Six components of organisational trust are used as the framework for a discussion of perceived risk, and of the tactics available to counterbalance perceptions of the riskiness of online buying with evidence of the trustworthiness of the online merchant.

Findings – The conclusion is that marketing planners can overcome the barrier of perceived risk if they find the means to generate sufficient trust among their potential customers.

Research limitations/implications – This presents no empirical evidence but does draw together the work of others and build from it a framework for understanding how the twin concepts of risk and trust work together. Fellow researchers are invited to test its propositions experimentally.

Practical implications – Planners of marketing campaigns for online suppliers of products and services can use the framework presented in this paper as a basis for the formulation of effective strategies to convert current web-browsers into future internet shoppers, and thereby benefit to the full from the advantages of online distribution channels.

Originality/value – Provides a general overview of a topic that is clearly relevant to gatherers of marketing intelligence and planners of marketing strategy, in the rapidly changing online environment.

Keywords Risk management, Trust, Internet, Consumer behaviour, Marketing planning

Paper type General review

Introduction

It is acknowledged that perceived risk can prevent customers from purchasing from an online retailer (Cases, 2002). This discussion paper explores the nature of risk and how it might be greater in the online retail environment. Many writers have posited that trust has a positive influence on customer perceptions and is a precursor to consumer engagement in internet shopping (Papadopoulou *et al.*, 2001; Pennington *et al.*, 2004; Svensson, 2001). It is possible that the negative effect of risk might be reduced by the positive effect of building customer trust. The paper explores the link between risk and trust, and concludes with some suggestions about how engendering trust might overcome consumer perceived risk.

Risk

Risk exists when there is a less than 100 per cent probability that things will turn out as expected. As Bauer (1967, p. 24) succinctly puts it:



Consumer behaviour involves risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which are likely to be unpleasant.

Hence, risk implies that there is some degree of uncertainty about the outcome of an action which carries the possibility of physical harm or some other damage. The perception of riskiness may vary from person to person and from product to product, or service to service (Stone and Gronhaug, 1993): in short, a very personal thing, related to specific circumstances.

Consumers tend to use intuitive judgement to decide whether or not something is risky, which may be affected by previous experiences, the level of involvement, or the price of the purchase. Risk has a moderating effect on consumers because they are often more inclined to try to avoid a mistake rather than benefit from utility in their buying decisions. For this reason, shoppers may “pre-select” brands for consideration to avoid risk (Mitchell, 1999). The established dimensions of risk – financial, social, time, performance, psychological and physical, according to Beardon and Mason (1978) – encompass both the online and offline purchasing environments. It is easy to see how customers might consider that buying some products is risky. For example, a perfume may not have the expected fragrance, exposing the purchaser to disappointment. Or, because the type of car owned is considered to be connected to perceptions of social standing, purchase of the “wrong” brand and model might risk one’s status in one’s social group.

Financial risk can be incurred when the customer’s financial circumstances are damaged because of the purchase, such as by credit card fraud. Social risk may come about through purchasing products that are perceived to be downmarket. Performance risk implies that a product does not fulfil its function as expected. Some products, especially services, may risk time wasted in queuing or waiting when the product cannot be accessed. Psychological risk may be caused by consumers wearing unfashionable clothes, leading to the social risk of not “fitting in”. Coulter and Coulter (2003) focused on risk relating to customer-supplier long-term relationships, suggesting that it reduces as knowledge is gained over the term of the relationship, but increases for purchasers because of switching costs. So, relationships might be damaged by poor performance or bad behaviour by one of the parties to the relationship. This, in itself, could be an unfavourable outcome for both parties. Physical risks involved with purchases might include products which are unsafe, cause physical harm to the user or, in services, allow customers of the service to take risks whilst undertaking an inherently risky activity, such as skiing or cycling.

It is acknowledged that risk, paradoxically, can be seen as advantageous in some products. Customers can, and do, actively seek the thrill afforded by risky service products, such as gambling, hang-gliding or bungee jumping. Thus, risk is not always perceived to be a bad thing by consumers. However, this applies only to a small proportion of all goods and services sold. This paper addresses the issue of risk only as it relates to dissuading customers from purchasing.

Risk online

Previous research has identified that customers can perceive risks in many purchase situations. Mail order has been considered to be more risky than in-store purchasing

(Akaah and Korganonkar, 1988) and users of the internet encounter more risks than they do in face-to-face transactions (Riegelsberger *et al.*, 2003). Not all users understand or perceive these risks, or wish to contemplate them. Some consumers may consider that just working with computers could be risky, let alone using them to make purchases. Online transactions involve a lack of control on the part of customers with anonymous trading partners and, consequently, the potential for opportunism. It may be that some risks are heightened or unique to the online purchasing environment. If customers think that they may be taken advantage of, they may not engage in online transactions at all.

A typical online transaction necessitates giving the vendor access to personal data, such as address, telephone number and financial details (Tsiames and Siomkos, 2003). Such access may be the source of worry (or perceived risk) for some consumers, especially if they are concerned about fraud or losing money. This concern was highlighted as one of the dimensions of internet quality by Madu and Madu (2002). Customer concerns may also include worry about the honesty of the sales proposition, and immodest claims about products when customers are unable to physically check the quality of those products (Chaudhuri and Holbrook, 2001) could be visited, worries may be exacerbated because customers cannot rely on visual and physical clues to reassure themselves of the bona fides of the selling organisation. Such lack of reassurance may result in transactions being regarded as risky.

Customers may also be anxious about bombardment with unwanted messages and service guarantees (Urban *et al.*, 2000). Without confidence in these areas, any exchange between provider and customer may be limited (Subirana and Cavajal, 2000).

The importance of brand reputation has been well documented. It is no surprise, therefore, that well-known brands are more likely to succeed on the internet. Customers' risk potential is reduced because they know the brand, and are reassured of the brand's ability to satisfy their needs. But not all online retailers have either a physical presence or a well-known brand. This makes risk management imperative to the internet marketer (Grabner-Krauter and Kaluscha, 2003). Tan (1999) suggests that less risk-averse customers are more likely to use internet shopping services. Nevertheless, internet marketers must be able, long-term, to convince customers to shop online if they are to maximise the effectiveness of online channels.

Trust

Trust is a complex state that comes about because individuals do not know what the motives and intentions of others are (Kramer, 1999). Thus, trust is an expectation about others' behaviour within the society in which they live, or by which they are ruled (Barber, 1983), and so involves cultural mores as well as emotionally and socially based responses.

Trust has been defined by Riegelsberger *et al.* (2003, p. 768) as:

... a device to reduce complexity, a shortcut to avoid complex decision processes when facing decisions that carry risk.

Thus, it is an especially important factor when there is some kind of choice to be made. Trust can be bestowed on a person, an object (product), an organisation (a business), an institution (the government) or a role (a professional of some kind). Trust may be acquired by a rational process based on what we know of the other party, and also the

incentive of that other party to honour the trust bestowed upon him, her or it (Hardin, 1992). Alternatively, it can be an emotional and social response to others or to society as a whole (Kramer, 1999). People who consider themselves to be unlucky in life, for example, may be less likely to be trusting than others who have not had such bad experiences.

If a person is “disposed to trust” he or she is less likely to see the potential for risk, as a consequence of assuming that people are honourable and will do what they say they will. A person’s propensity to trust or disposition to trust has its roots in personality psychology (Grabner-Krauter and Kaluscha, 2003). It is for this reason that previous experience may be a mitigating factor in developing trust on a rational basis (Rotter, 1971).

Trust may be easy to acquire but, if abused, can be easy to erode or destroy. Boyle and Bonacich (1970) suggest that individuals continuously update their expectations about trustworthy behaviour based on their experiences with individuals in whom they have placed their trust. Implicit trust between people can lead to long-term personal relationships, but even this trust can be broken by one of the parties. It is easy to see how this could also apply to organisations in which individuals place their trust.

Trust in business

Business necessitates relationships with others – suppliers, retailers, wholesalers, customers – and trust is the most accepted measure for relationship assessment (Ambler, 1997). Hosmer (1995, p. 199) defines trust as:

... the expectation by one person, group or firm of ethical behaviour – that is, morally correct decisions and actions based upon ethical principles of analysis – on the part of the other person, group or firm in a joint endeavour or economic exchange.

This definition implies that an organisation has to be ethical in order to be trusted. Coulter and Coulter (2002) suggest that trust in the service context revolves around perceptions of confidentiality, honesty and integrity, as well as high ethical standards. In view of the considerable legislation in developed nations to protect consumers, the need to be ethical in order to be trusted by customers may have been over-ridden by the need for marketers to abide by the law, or at least to be seen to abide by the law.

Being perceived as trustworthy may be an important differentiator in a crowded market-place. The idea of trust as being critical to success in business, and especially in service businesses, was highlighted by Parasuraman *et al.* (1985). As a large percentage of developed economies depend upon service business for their national revenues, it follows that trust is especially important in the twenty-first century, even if there were no laws to compel companies to operate within an ethical framework.

Trust has a positive correlation with brand loyalty (Lynch *et al.*, 2001). However, the fact that a customer trusts an organisation does not imply a bond to it for life, even if that is what marketers aspire to achieve. Much of the literature suggests that trust and satisfaction lead to commitment (Kolsaker and Payne, 2002; Selnes, 1988; Sklar, 2001; Srinivasan, 2004; de Ruyter *et al.*, 2001).

Trust online

Online marketing transactions necessitate online customer trust (McCole and Palmer, 2001). According to Egger (2006), the number of people purchasing online has grown at a slower rate than those who use the internet. Sufficient trust needs to exist to place an

order online and, perhaps, for the customer to submit his or her financial information and other personal data in undertaking other financial transactions, such as online banking.

Corritore *et al.* (2003, p. 740) define trust as:

... an attitude of confident expectation in an online situation of risk that one's vulnerabilities will not be exploited.

Stell and Paden (2002) suggest that inexperience may lead to concern about, or avoidance of, using the internet and hence to a lack of trust. Houston (2001) suggests that organisations doing business online must forge trust swiftly in order to succeed. This opinion conflicts to some extent with the view of Ennew (2003, p. 16) who says:

The continuing uncertainty and scepticism of consumers in regard to the internet means that acquiring their trust will be an incremental process ... For the majority of internet users, trust in transactions online will be built up experientially over time.

Therefore, organisations utilising the internet should not hope for results too soon and abandon their attempts to woo the customers to purchasing online. Trust may be built incrementally following experience online, and customers may build trust by starting with small purchases and building up to bigger and more expensive ones as their trust in the medium or the organisation (or both) increases. Dimensions of trust online, as outlined by Camp (2001), include security, privacy and reliability.

In order to engage in online shopping, a customer must have trust in the mechanism itself (Lee and Turban, 2001). Whilst this may have been particularly important in the early stages of internet commerce, with more and more transactions taking place online, less concern needs to be focused on the mechanism today. There is an increasing need for customers to feel sufficient trust in the supplier, rather than the channel that the supplier has chosen to use. It is here, particularly, where marketers have to respond to the challenge of establishing and maintaining customer trust (Aladwani, 2001).

Bramall *et al.* (2004) consider that the determinants of trust in e-retailing fall into three distinct areas: store-based, web site-based and consumer-based. These descriptions may be too restrictive, however, because they are not discrete. Mukherjee and Nath (2003) state that trust can lead to a business relationship commitment which is enhanced by the online facility. Customers can place trust in a number of organisations simultaneously and, in the online environment, have exposure to many more organisations than is possible in the bricks-and-mortar world. Comparison is made simple and so customers are empowered to be disloyal, which may result in attrition. They may find that they are unwilling to commit themselves to any one particular supplier, rather having consecutive commitments or simultaneous commitments.

Nevertheless, the achievement of any level of commitment is the first stage to building a relationship, and without trust in the first place, customers are unlikely to commit themselves to the first purchase.

Trust and risk

Some researchers are convinced that trust exists only when there is the potential for risk (Grabner-Krauter and Kaluscha, 2003; Mayer *et al.*, 1995). Lee and Turban (2001) say that to understand trust without examining the relationship with risk would make any study of trust incomplete. The reverse is perhaps also true – to study risk would

be incomplete without studying trust. However, it is difficult to imagine any situation where there is no potential for risk. Some degree of trust is needed for even everyday activity. Because risk is potentially a very personal thing, it follows that having trust is both personal and circumstance-specific. The level of trust required may differ according to the level of risk, whether real, perceived or implied, which leads to an individual making a choice about whether to trust or not to trust. Thus, it can be inferred that the level of trust can depend on the context in which it is invoked (Vaux Halliday, 2003). Other writers argue that trust has only a “moderately strong” effect on perceived risk (Viklund, 2003). Nevertheless, if consumers perceive high risk and have no trust in an organisation, they will be unlikely to enter into any kind of relationship.

A useful starting point for marketers to develop strategies for encouraging perceptions of trustworthiness and for helping potential customers to develop sufficient trust to enter into a transactional or longer-term relationship might be the six dimensions of risk defined in the early days by Beardon and Mason (1978) – financial, social, time, performance, psychological and physical – plus the more recently identified “technological” (Leibermann and Stashevsky, 2002) and “security” (Merriman *et al.*, 2002) categories.

If customers have sufficient trust in an organisation or its products, then this may outweigh the level of risk they perceive. Hence, achieving the right balance between risk and trust, where trust is stronger than risk, is imperative to the online marketer (Grabner-Krauter and Kaluscha, 2003).

A different framework of six categories is proposed by Chadwick (2001, p. 656), who argues that evidence that an e-retailing organisation can be trusted is to be found in its “seals of approval” brand, fulfilment, navigation (the way a customer finds their way around on the web site), presentation and technology. He conceded, however, that “most analysts limit e-commerce trust to issues of privacy, risk security and reliability”.

In the sections that follow, Chadwick’s six categories are linked in turn to aspects of risk, and suggest how trust can be built in order to overcome risk.

Seals of approval. Having trust in an organisation or its products not to cause harm may be an important motivator in purchasing certain types goods and services – for example: contact lenses, pharmaceuticals, toys, electrical goods, cosmetic surgery and travel services. It is important for organisations that wish to inspire confidence in buyers of such products to promote their expertise and credentials, preferably endorsed by third-party statements. In other words, to offer figurative seals of approval, which reassure customers that the goods and services will not be harmful when used or experienced. However, such reassurance may be difficult to promote in the virtual environment, as the pedigree cannot be judged by physical attributes of products or physical evidence of services.

To reassure customers, planners of online marketing strategy need to employ some form of virtual evidence in support of marketing claims. Tactics might include quotations from newspapers, testimony from previous customers, photographs of people using or enjoying the products and services, before-and-after case studies, and expert witness statements. The use of celebrity endorsement can be effective too, particularly for high-involvement products.

An aspect of psychological trust that the online marketer might consider is how customers perceive themselves as a result of buying online. Their personal esteem might be enhanced ("Look at me; aren't I clever for utilising technology to get the best deal?"), or they might feel that doing so devalues them in the eyes of their peers ("He bought second best online"). So, the need is to reassure customers that they are doing the right thing for themselves and their social needs. One tactic is to ask for referrals – "word-of-mouth" the modern-day equivalent of word-of-mouth – to ensure that potential customers know that their friends and peers already buy from the online source.

Without confidence in security (not one of Chadwick's six categories), exchanges between provider and customer may be limited (Subirana and Cavajal, 2000). In order to invoke trust on the part of the customer, assurances of data privacy and secure financial transactions, policies for return of goods and product warranties should be prominently displayed. However, Trim (2002) suggests that many companies do not have the skills or the resources to implement and maintain systems that allow safe online transactions. If that is so, prudent online marketers will consider buying-in the necessary expertise.

The fact that a typical online transaction entails third-party access to personal financial data (Tsiames and Siomkos, 2003) may be a source of worry for some customers. Though procedures may have been changed to allow customers to pay remotely, little thought has been given to measuring the effectiveness of these changes (Jones and Kayworth, 2002). The role of intermediaries in payment transactions is well established in traditional businesses (Siyal and Barkat, 2002), making the process relatively risk free for both buyers and sellers. One way to build trust in the online context is to use a trusted third-party system (Agarwal and Shankar, 2003), in which payment is made through a well-known intermediary, which authenticates the seller. This enables both parties to be protected from bad debts or fraudulent use of credit cards, and customers to be protected from non-fulfilment of the orders or misuse of their financial data. The use of settlement intermediaries may also have the benefit of increasing the adoption and acceptance of online commerce to the uninitiated (Sklar, 2001).

Web users have been reported as unwilling to risk their confidential information, including credit card details (Clark and Wright, 2003). The fear of fraud leads to a lack of financial trust. Marketers use many strategies that help to engender trust in this context, including safe-site symbols and guarantees. Additionally, customers may be concerned about what marketers will do with the personal data they have disclosed. Because credit card details can easily be cloned in the offline world, customer perceptions of this happening in online transactions may be heightened. Thus, online marketers need to make explicit statements about the safety of transactions and use of data.

Symbols such as trust-marks may help to encourage trust on the part of prospective buyers, especially if national or international governments are involved in their administration (Durkan *et al.*, 2003) and invoke action against those who transgress their codes. That is why customers must be reassured about not only the ability to provide what the organisation says it will, but also that its intentions are honourable in supplying the goods or services promised. It is therefore incumbent upon the online organisation to demonstrate trustworthiness, to invoke trust on the part of those with whom it wishes to develop a relationship.

Branding. By developing trust in the brand – or a product, company or person – the web-based enterprise may overcome perceptions of performance and financial risk. Whether it is the retail store brand, the product brand or the internet provider's brand that is trusted adds a layer of complication to discussion of online trust. If a brand is established outside the online environment, this helps to establish trust for customers buying it from a different channel, as customers transfer their trust to the online version (Srinivasan, 2004). However, some "pure play" internet-only retailers need to build the reputation of the brand, because there is no physical entity with which the customer can associate. This may be difficult to achieve if there is no pre-existing institutional confidence. Kania (2001), cited in Ha (2004), suggests that higher trust can be developed if a potential customer is familiar with the brand. Ways in which retailers can develop this familiarity include a variety of tactics, including integrating the messages the company wants to impart across several media.

However, bricks-and-mortar outlets still have the benefit of sensory stimulation. Parsons (2002) expects developments in websites to include surrogates in the not too distant future, although at this stage it is difficult to imagine what they could be (perhaps e-smells or e-textures?). Brand maintenance becomes of greater significance to the online retailers, because it can be a vehicle for building trust. Likewise, customers are influenced in their online purchase behaviour by the trusting attitude they have towards an online seller (Einwiller, 2003). Because there is no human interaction, customers may find it difficult to acquire an attitude of confident expectation. This personal interaction can be fundamental to customer satisfaction (Ennew, 2003), exacerbated by lack of customer service in after-sales interactions.

It is likely that some customers are influenced by the personal characteristics of the founders of internet traders, when those are perceived to equate with trustworthiness. For instance, Lastminute.com, the internet brand developed to sell holidays, flights and theatre tickets at reduced prices for late bookings, used PR strategically to make its founders highly visible in the broadcast media. Such characteristics can enhance trust in the virtual channel by allowing customers to associate the site with personalities they can see and hear in other channels. Two-dimensional images of founders do not contain all the clues that customers use in the offline world to judge the trustworthiness of a person, such as body language, personality, or character. It is therefore to the web site owner's advantage to maximise opportunities to develop trust about individuals who are involved in the endeavour.

Customers may also see it as a responsibility of business owners to earn their trust. There is reason to suppose that customers want a psychological contract between themselves and the organisation from which they are purchasing goods or services. They need to be secure in the knowledge that it meets their own ethical or moral standards, and is offering products which are fit for their purposes. In order to feel fully trusting, customers need to know that the organisation will not betray their confidence by selling their financial and personal data to others. It is possible that web pages are the perfect vehicle for reassuring customers about a company's bona fides.

The concept of "placed trust" can be transferred to the online market when customers place their trust in an organisation because of the authority it holds in the market place. This may derive from market share, experience, first-mover advantage, expertise, or some other attribute which allows the customer to infer trustworthiness. This "trust in authority" might be built by strong branding,

other marketing communications activities, and creative use of the web site. Credence in an individual can create competitive advantage. For instance, Stelios Haji-Ioannou, founder of EasyJet is EasyJet (even when he is no longer the Chief Executive), and the belief that customers have in his personal motivations, ethics and standards has always been exploited in EasyJet's internet operations. The site www.easyJet.com single-mindedly promotes its low-cost ethos, informal culture and commitment to charitable giving.

Feedback mechanisms have the potential to reduce risk and encourage trust. If a potential customer reads or hears praise for an online marketer from someone whose opinions they value, that is likely to engender trust. Ironically, this type of feedback system has been very successful for organisations such as e-Bay, in the case of which it is unlikely that customers have ever met one another.

There is potential for abuse of such feedback mechanisms. An organisation wishing to appear trustworthy can purchase "good feedback" from unscrupulous companies or individuals. The result is that recipients of feedback become sceptical about the validity of glowing comments. Marketers need to think about integrating feedback with other symbols of trustworthiness.

Fulfilment. Online marketers can use trust to lessen the effects of perceived performance risk and subsequent financial risk through lack of fulfilment. Customers need to be able to trust that their order will be fulfilled: that is, delivered in the case of physical goods, or available to experience in the case of services. As Siyal and Barkat (2002) put it, the risk is to pay for something and get unexpected goods or nothing delivered. Financial risk is avoided if the product is satisfactory, and a customer's financial details are not abused. Ha (2004) suggests that marketers should give better information in their web sites, rather than more. The result should be that customers are better informed about when they can expect their order to be processed, and are given any other relevant information about the fulfilment of the transaction, which helps to develop trust in fulfilment. Internet marketers should therefore have reliable and efficient distribution channels at their command, which may include the option to purchase through alternative channels (telephone, mail order or a bricks-and-mortar retail outlet), and should provide information on such channels to customers at their web site. Srinivasan (2004, p. 71) stresses that "consumer trust is facilitated by the existence of a bricks and mortar presence for an e-business". Reassurance to customers that their order will be honoured may be brought about by electronic tracking systems (such as those used by DHL or Amazon.com), confirmatory e-mails, telephone calls or letters, agreed delivery slot times (as provided by Tesco.com, the UK online supermarket), customer service channels and customised communication whenever possible. In the case of services, some form of electronic booking reference or ticket (such as those supplied by many airlines) acts as a reassurance to customers that they have a booking. This can replace the "physical evidence" of service offered in the offline world, by providing "virtual evidence" of orders, bookings or delivery. Efficiency in fulfilment of the order reduces the amount of time spent by the customer in chasing delivery or querying the progress of the order. Likewise, if the right product is provided, it saves the customer time in searching for an alternative elsewhere.

Navigation. Navigation trust is developed by online marketers to overcome customer perceptions of time, financial and performance risk. Web site usability helps consumers to trust an online retailer because they infer ability from the interface

(Roy *et al.*, 2001). Paradoxically, the more a customer uses the internet, the more he or she becomes aware of potential problems (Merriman *et al.*, 2002). Conversely, the extra consumer experience achieved through using the internet may reduce concerns about security (Fry and Merrilees, 2001).

Pennington *et al.* (2004, p. 201) define “system trust” as:

... a belief that proper impersonal structures have been put into place enabling one party to anticipate successful transactions with another party.

In the online environment, these may include mechanisms to ensure that the site looks appropriate for the conducting of business transactions, or well-designed customer navigation tools, as well as asking permission for the web site owner to use “cookies” to track web-user behaviour. Policing intra-customer communications and responding quickly and appropriately to negative feedback may be costly and time-consuming, but is necessary to avoid adverse publicity. The key issue is that online marketers need to establish a way to maximise customers’ perceptions of their trustworthiness, so that the relationship-building potential of online marketing is maximised (Kolsaker and Payne, 2002).

Consumers need to be able to trust that the time they spend on web sites is productive. Broken links or poorly-designed sites do not give confidence that the time a customer has invested in switching to online purchasing is justified. Online marketers need to reassure customers that they will receive benefits in saved time by purchasing online rather than visiting traditional outlets. In cash-rich-time-poor societies, this can be an especially attractive option. It may be that customers value convenience over privacy (Lokken *et al.*, 2003), and that convenience overrides the need for them to trust a supplier, particularly in low-cost transactions. Hence, efficient operations and reliable fulfilment can offset concerns about misuse of data and wasting time online. Therefore, marketers need to stress the benefits of convenience, make sure that their web sites are maintained regularly to ensure efficient operations, and make the processes involved in online shopping easy and pleasurable.

Presentation. Developing trust by way of the presentation of an organisation in the virtual environment can help to overcome customer perceptions of performance and financial risk. The appearance of a web site may be the only clue that a customer has about the bona fides and reputation of the organisation, or its ability to satisfy their requirements. In the same way that store image is a “risk reliever” (Roselius, 1971), the way in which a web site presents the organisation to potential customers is of great importance. Just as in the offline world, first impressions count.

Designers of web sites need to incorporate whatever the customer wants to be included, in order to maximise trust. This may include feedback mechanisms, adherence to brand norms (colour, logo, style) and inclusion of appropriate reassurance symbols (safe site, padlock, etc.), all of which can help to instil trust. Some customers may want access to “touch-points” which enable them to have contact with the organisation in the physical world (Durkan *et al.*, 2003), and opportunities for such contact should be made clear on the web site. It seems that customisation of online offerings may result in referrals from existing customers (Ha, 2004). Marketing strategists should consider how such referrals could be built into a web site, presenting the customer with an effortless way in which to encourage new business by referring others to the site.

Because it is not in internet marketers' long-term interest to indulge in opportunistic behaviour (Bramall *et al.*, 2004), it stands to reason they should present their credentials at the web site, perhaps including their customer service policy, money-back guarantees, open indications of how to complain and to whom in the case of problems, and customer-to-customer communications facilities. The result should be goodwill. Similarly, organisations would be ill-advised not to adhere to government regulations relating to spam (unsolicited junk e-mail), make their commitment to such regulations clear at the site, adhere to the commitment, and allow customers and prospects to opt out of receiving such communications.

The way in which customers interact with the site may be monitored and consumer panels perhaps utilised, in order to make the site as attractive it can be in the customers' eyes. However, developing familiarity with the site can, in itself, develop trust. Once customers know their way around a site, it may appear less risky for them to use. Hence, marketers should not make changes for the sake of change, because that is likely to make the web site less familiar and less comfortable for the customer to use.

Technology. Developing trust in the technology will help to offset perceptions of technological, financial and performance risks.

A factor to consider is reassurance to customers that they will not suffer one of the technology risks outlined by Leibermann and Stashevsky (2002), including contracting a computer virus from downloading brochures, or suffering the theft of credit card details or personal identities. The latter two mishaps have implications for financial risk if the stolen details are subsequently used criminally. Indicators of safety, such as internationally-recognised safe-site symbols, can be used to build trust in undertaking transactions.

Technology risk may also mean that users worry about being subjected to unwanted images of a pornographic or violent nature, or, less damagingly, unwanted pop-up sales messages. Such concerns can be overcome if web site owners make clear promises at their sites, and keep them. Equally, directing customers to blocking devices for use against pop-up advertising would reflect well on the online marketer.

Maximising the use of the technology by providing links to advisors, other customers and alternative distribution outlets may help to build trust, as customers can seek further information about products and performance from third parties before committing themselves to purchase (Calkins *et al.*, 2000).

The easier the technology is to use, the more likely the consumer is to trust the organisation behind it (Corritore *et al.*, 2003). It is therefore incumbent upon online marketers to ensure that they put themselves in the place of the customer, and adopt a customer-oriented interface rather than a systems-oriented one. Simple, easy-to-use systems will encourage trust on the part of customers that their time will not be wasted, and that transactions will be easy.

Discussion

Much speculation has arisen over the last decade concerning customers' perceptions of the value of online shopping and their trust in the internet as a distribution medium. If customers do not trust online providers sufficiently, the result may be that they do not enter into transactions because they fear the risks involved. In this event, organisations cannot maximise the potential of their online retail facilities.

The title of this paper asks whether the building of trust can overcome perceptions of risk. To answer the question, the literature relating to the twin concepts of trust and risk was reviewed. The work of Chadwick (2001) was identified as a useful framework to guide online marketers' strategies for demonstrating trustworthiness as a defence against perceived risk.

Though this discussion paper has been at pains to emphasise the importance of trust in the online marketing environment, it has to be acknowledged that it may not have the same impact in all organisations and markets, or indeed that all products may not demand the same level of trust from purchasers.

Because there is no single solution to the generation of trust, the paper shows how each of the six components of trust-building should ideally be utilised to build a viable purchasing proposition for the customer. The stronger this purchasing proposition, the more likely it is that potential customers will overcome their fears and enter into a transactional relationship. The components may vary in their importance according to the market in which the marketer operates. The implication is clearly that marketing planners should research the behaviour of actual and potential customers, to discern which components are in fact most important. Such customer intelligence will enable them to prioritise trust-building activities accordingly.

The appearance of a web site, the ease of navigation and use of technology to produce a customer-oriented interface have the potential to create a favourable response, but if customers or (perhaps more importantly) potential customers cannot navigate their way around it satisfactorily, cannot follow the necessary links, or cannot find what they are looking for easily, then they may simply give up. Unprofessional presentation and out-of-date information do not inspire confidence and trust in the offline world, and the same is likely to apply in the online environment. Strong branding and seals of approval can increase the level of trust and the propensity to purchase from a site. If a provider is online only, then trust building may have to be acquired through the reflected glory of brands or third parties. Customers are likely to feel vulnerable if they cannot believe that they can trust the supplier, based on their perception of what can be seen online.

Trust in the quality of fulfilment lessens post-purchase dissonance and provides an incentive for the customer to become a repeat or even regular online shopper. So, empowering customers to track their order, or offering some tangible clue that they will be able to access the goods or services they are purchasing should result in a decreased perception of risk.

There may be a fine balance between a customer's propensity to accept or avoid risk. Online marketers should be able to recognise the perceived risks the customer faces, and take steps to build trust in order to overcome them. Failure to do so may mean that customers perceive too much risk and too little trust to embark upon online buying.

Such reluctance would mean that online marketers would need to maintain alternative channels at increased cost for customers who are reluctant to shop online. It would also threaten loss of market share, if customers could not access the alternative channel and would not bring themselves to the point of buying online.

If a customer is committed to online shopping but does not consider a particular supplier to be trustworthy, it is easy to change allegiance to another, thanks to the large choice in the online environment. The net result will be decreased customer

loyalty. Therefore, this environment of lower commitment demands that internet traders should do everything they can to appear trustworthy, and thereby attract and retain online custom.

If marketing planners apply the principles and practices discussed in this to the design and development of their online offerings, they will find they are able to convert current product-browsers to internet shoppers and, subsequently, benefit fully from the clear business advantages of retailing through online distribution channels.

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Corresponding author

Sally Harridge-March can be contacted at: spnarridge-march@brookes.ac.uk