Online Interaction with Millenials: Institution vs. Community

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ABSTRACT

Trust in exchanges is an important concept in business and has become of topic of some interest in e-commerce. Substantial work has been done on how institutional mechanisms, technology, word-of-mouth, and numerous other variables affect trust in a website and potential customers’ willingness to conduct business there. This study continues that line of research by considering how the millennial generation perceives the trustworthiness of three types of online sites: a retailer, an auction site, and a social networking site. Little work has been done on whether social network sites have more or less trust than other types of websites and what aspects of trust are affected. Given the broad trend toward utilizing these social network sites for commercial purposes, it makes sense to assess how targeted users view and interact with them. This study presents preliminary data on all of these issues, suggesting that there do appear to be differences between social network sites and more traditional online vendors.

Keywords: Business, Exchanges, Millennial Generation, Social Network, Trust

INTRODUCTION

How millenials interact with the internet is a topic engendering great interest. Their sources of information, how they develop trust in e-transactions, and how they make purchase decisions are all issues of concern. A great deal of work has gone into how interactions with technology take place and what factors promote or mitigate such transactions. If we understand how relationships are built and exchanges consummated, we can better appeal to this generation. Further, we may be able to develop insights about how this generation takes in more political information and acts upon it.

With the advent of the Arab Spring, Wikileaks, the Snowden episode, and other such issues reflecting on the role of the internet in modern society, especially among the millennial generation, a better understanding of their online activities and motivators can help with predictability. Studies have suggested that social media and

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other internet activities have played an important role in recent political events (Choudary, et al., 2012; Tufekci & Wilson 2012; Youmans & York 2012; Segerberg & Bennett 2011). Past studies of commercial behavior shed light on intention and behavior related to the internet. As a result, they hold potential for understanding intention and behavior on the internet in non-commercial setting, especially concerning sources of information, institutional vs. social influence, and the antecedents of action.

In developing such eventual extensions, we need to get a better understanding of how the millennial generation engages with the internet and makes decisions. Commercial activity is one prominent source of information and can shed light on other sorts of transactions (information seeking, non-commercial commitments). Commercial activity on the internet provides an environment within which users conduct traditional purchase behaviors but without the face-to-face elements provided by on-the-ground transactions.

This lack of face-to-face contact creates special issues, as a number of elements taken for granted in the physical world become more problematic online. A substantial literature has developed on trust and Internet transactions, a literature we will reference. But relatively little scholarship has considered the impact of social networking sites on trust, particularly within the millennial generation most comfortable with a Web 2.0 world and targeted by such sites. Further, trust in sources of information has also not been as deeply studied as we might prefer, and the nature of favored sources can play an important part in answering the wider question of how millennials act upon internet relationships and commitments.

This paper examines the differences in trust levels between different types of websites, specifically those offering traditional e-commerce transactions with an established retailer, those based on more of a peer-to-peer relationship, and those based on a social network. The comparison of the three allows us to examine a mix of factors such as institution, website characteristics, word-of-mouth, and others. In particular, we can establish whether reviews and recommendations from social network site peers matter more or less than those found at an established retail site or those at an open exchange.

**BACKGROUND**

Much of the relevant literature related to this topic falls into the arena of technology acceptance and usage. That stream of literature has a number of useful models and brings in concepts such as technology and personal characteristics that are of interest. We’ll discuss these shortly, but all depend in some way on the idea of trust, which is core to approaching websites, accessing and accepting information, and completing exchanges. As this is the broader topic, we’ll address trust first.

The conceptual basis of trust came out of sociology (e.g. Gambetta 1988). Garfinkel (1963) established a number of critical ideas: trust is apparent in individual action; it is interactive in terms of relationships, expectations and behavior of others; and it is based on symbiosis and exchange. Further, trust is dependent on situation and circumstance (Baier 1986), and individuals develop routines based on the conditions of a particular trust relationship (Giddens 1991).

This general framework has then been applied to the more business-oriented applications including organization to organization, organization to internal individuals (employees), and organization to external individuals (customers). Under such conditions, a more rational view of trust developed, particularly from the aspect of calculative self-interest (Coleman 1990). The reduction in transaction costs and deeper relationships accomplished through trusting an opposite party can be weighed and evaluated by both individuals and organizations, leading to more cooperation and more efficiency when trust is present (Axelrod 1990).

Specifically in the field of marketing and exchange, trust also has a long history. Obviously again, a situational application that