Trust Concerns of the Customers in E-Commerce Market Space by Indian Customers

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**INTRODUCTION**

The growth in the number of Internet users worldwide has triggered the advancement in the field of E-Commerce. Internet penetration has changed the traditional ways of doing business. E-Commerce primarily involves selling and buying of goods or services over Internet. E-Commerce sales have been skyrocketing across the world. In 1971, with development of ARPANET, the foundations of E-Commerce were laid. Essentially, E-Commerce germinated in 1979 with Michael Aldrich demonstrating the very first online shopping system. Since the launch of Internet for commercial use, web has seen the emergence of many online businesses. The growth in the availability of tablets, smart-phones and other portable devices has significantly enhanced expansion of E-Commerce.

Research report by Forrester suggests, E-Commerce generated sales for U.S. retailers will be around $262 billion in 2013, about 13% increase from $231 billion in 2012. The report also indicates that online retail sales will show a compounded annual rate growth of 10% from the year 2012 to 2017 (Figure 1).

Similar numbers for E-Commerce growth are being quoted from other parts of the world as well. Asia-Pacific region reported more than 33% growth ($332.46 billion) in E-Commerce sales in the year 2012.

E-Commerce came to India in 1996 when Indiamart established B2B marketplace. E-Commerce in India as well, since then, has become a significant tool for businesses to sell to customers along with engaging them. According to a recent research by Internet and Mobile Association of India (IAMAI), the total Indian market for E-Commerce is around Rs. 50,000 crore. Experts hope that by the year 2025, the total E-Commerce market will reach at least Rs. 4,00,000 crore.

With such numbers being forecasted, online merchants have a primary concern of attracting more and more customers and making them trust in the formers’ businesses. Many B2C E-Commerce companies’ failures have been attributed to their inability to create a strong trusting relationship with their customers. For the successful implementation of a B2C E-business, it is necessary to understand the trust issues associated with the online environment which holds the customer back from shopping online. This article takes a systematic and holistic approach to E-Commerce trust and discusses it from customers’ perspective. A case study of Indian market is taken to explain what trust factors influence the consumers to buy online. The article also provides an insight on the relative significance of the trust factors depending upon the customer choices. The article finally provides the recommendations for the e-vendors in order to induce customers’ trust in their E-business.

**BACKGROUND**

Given the speedy growth of E-Commerce worldwide, the importance of trust in E-Commerce exchange deserves special attention. Trust in everyday life is a mix of feeling and rational thinking (Lewis & Weigert, 1985). Trust can also be defined as “The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the truster, irrespective of the ability to monitor or control that other party” (Mayer
et al., 1995). Trust is a personality characteristic of an individual that influences that person’s interactions with the world at large (Rotter, 1971).

Lack of face to face interaction between buyer and seller, buyer’s inability to touch or feel the merchandise, and the overall environment of perceived insecurity on the Internet pose a big challenge for the e-marketers. Online businesses might end up booking losses if it fails to gain the trust of prospective customers. Lack of customers’ trust in online set up also has an adverse effect on a brand’s reputation. E-vendors would not be able to get a good return on their investment if people don’t trust online shopping. Lack of trust affects customers also as they wouldn’t be able to buy products with ease. Though they can just click and buy products, they’ll have to take the pain of going to physical stores specially for buying goods because of lack of their trust in an online set up. They’ll also lose the advantage of comparing prices from various stores online with just a few clicks as it would not be possible for them to physically go to a number of stores just to compare prices. Hence, it is very important for both the vendor and the customer to generate trust in online transactions.

TRUST: ATTRIBUTES AND TYPES

E-Commerce environment lacks rules and customs for the online transactions between various parties. When rules and customs are not enough, trust becomes the substitute guarantor that replaces relevant rules and customs as the guarantor that the expected outcomes of the relationship will materialize (Kelley & Thibaut, 1978).

Attributes of Trust

Trust as a substitute guarantor has various attributes (Rahman & Hailes, 2000; Shneiderman, 2000; Gefen & Straub, 2010; Zejda, 2011; Rowley, 2004). Some of them can be listed as follows:

- Trust is a significant indicator of customer action
- Trust is limited in scope
- It is related to a particular purpose
- Trust is contextual
- Trust is conditional
- It is fragile
- It is not reducible to information
- Trust is accruable
- It is explicit
- It is contractual
- Trust is multidimensional
- It is dynamic
- It is subjective
- Trust is affected by actions that cannot be always monitored
- Trust describes the degree of belief in the trust-worthiness of a partner