Trust, Risk and Alternative Website Quality in B-Buyer Acceptance of Cross-Border E-Commerce

Jian Mou, Xidian University, Xi’an, China
Yi Cui, Communication University of China, Beijing, China
Kerry Kurcz, University of Illinois at Chicago, Chicago, USA

ABSTRACT

Cross-border e-commerce (CBEC) has become an imperative mode for global trade. Research on cross-border e-commerce historically focuses mainly on the customer’s behavior intention to purchase on a CBEC platform. However, B-buyers are more important compared with C-buyers for CBEC platforms. This is because B-buyers can contribute more gross merchandise volume (GMV) in a CBEC platform, and thus more margin for the firm. The authors apply trust transfer theory, perceived risk, and alternative website quality to study repurchase intention, focusing on B-buyers. The results show that perceived risk, trust in provider, and trust in the website affect repurchase intention significantly, where trust in website is found to be the most important factor. In addition, the authors found that the dimensions of perceived risk in CBEC context can be classified as the following: customer duties risk, confiscation risk, delivery risk, financial risk, and privacy risk. The contributions of the study are addressed lastly.

KEYWORDS
B-Buyers, CBEC, Cross-Border E-Commerce, Perceived Risk, Repurchase Intention, Trust

INTRODUCTION

With the flourish of internet technology, information technology, logistic services and globalization of world trade, e-consumers tend to look beyond their borders. Global e-commerce sales reached 6.3 trillion yuan (about 914 billion U.S. dollars) in 2016 alone, based on the data from the Ministry of Commerce (Ministry of Commerce, 2017). Research reports from iResearch (2017), a professional consultancy company concentrating on online media and e-commerce, also predict that this total turnover will nearly double to 12 trillion yuan (about 1.74 trillion U.S. dollars) by 2020. By that time, 39% of the world’s entire e-commerce market will be controlled by traditional marketplaces, and 53% of cross-border sellers in the US will use online marketplaces. Such rapid development indicates the immense potential and opportunity of cross-border e-commerce (CBEC) for global economics to grow in the near future. Therefore, CBEC research plays an important role for economic development—globally. Given the importance of CBEC, understanding and dedicating special attention to the factors that influence buyers’ behavior is essential for any company who wishes to survive and thrive among the exponential trends of globalization.

Many studies have shown trust is priority in the setting of any e-commerce. However, in CBEC, trust becomes even more crucial due to the “distance” between buyers and sellers, where “distance”
has been recognized as language barriers, legal systems barrier, time barrier, delivery services, as well as customs regulations (Kim, Dekker, & Heij, 2017). Although multi-dimensional trust has been investigated in the e-commerce setting, there is a lack of evidence in the effect of multi-dimensional trust in the CBEC context. CBEC is different from domestic e-commerce. These differences mainly reveal additional trade costs and risks from cross-border transport, import tariffs, differences in technical standards, poor institutional quality and weak contract enforcement (Gomez-Herrera, Martens, & Turlea, 2014).

Given the complex nature of CBEC, its buyers are more likely to perceive risks. Multiple factor risks have been considered in the domestic e-commerce setting (e.g., Tandon, Kiran, & Sah, 2018; Marriott & Williams, 2018), albeit risks such as customer duties risk, confiscation risk, delivery risk have yet to be deeply investigated in CBEC. Therefore, understanding perceived risk in studying CBEC is necessary. Furthermore, most existing research focuses on C-buyers, while B-buyers are more important for CBEC platform. This is because B-buyers can contribute more margin for a firm (Kraemer, Gibbs, & Dedrick, 2005). In this research, B-buyers refer to customers who buy products or services for the company or workplace with which they belong. In fact, B2C transactions have developed rapidly in recent years due to the convenience of high discounts. Meanwhile, B2B transactions are growing four times faster than their B2C counterpart (Vakeel, Das, Udo, & Bagchi, 2017). However, and perhaps most importantly, it has been proven that B-buyers contribute more Gross Merchandise Volume (GMV) in CBEC platforms. Compared to B2C e-commerce, B2B e-commerce is a less researched area with significant difference about transaction volume, average transaction amount, logistics, customer segments, fulfilment issues, and advertisement objectives (Vakeel et al., 2017). Another convenient characteristic of B-buyers is that they are more likely to transact with their previous sellers, with the same items, in large volumes. Meanwhile, Kraemer et al. (2005) emphasized that for B2B e-commerce, highly global companies utilize the Internet more than their less global counterparts, whereas for B2C e-commerce the opposite is true. This is because global companies focus more on wholesale brokerage activity in different countries across various stages of an industry’s value chain, while less global companies focusing on the retail brokerage industry are less affected by globalization, and thus remain local.

Since B-buyers are more likely to purchase products in a wholesale setting, alternative quality such as service quality and system quality are more important for B-buyers. Furthermore, they normally query several CBEC platforms among multiple sellers, seeking out the lowest price for dozens of products. For any type of consumer, alternative website quality can make all the difference in switching behavior and trust in that website (Sørum, 2015; Kalia, Arora, & Kumalo, 2016). CBEC platforms constantly need to improve their quality of products while keeping prices low—and attract more international buyers with the opportunity of promotional days (such as Christmas or Black Friday). Indeed, the perceptions rising from alternative platforms is to be among the top priorities regarding CBEC research.

In general, this paper aims to integrate perceived risk and alternative website quality to understand the crucial trust-building mechanism for promoting repurchase behavior as well as enhancing CBEC platform loyalty. Moreover, this paper strives to bridge the gap between trust and CBEC with the antecedents of trust, and to uncover why some CBEC platforms succeed, while others do not (as with Metao.com, which will see later). These findings may help researchers to extend their studies and, of course, practitioners to make their website more attractive to buyers. These points are summed up with the following research question:

RQ: Will alternative website quality, perceived risk and trust jointly affect the consumer’s repurchase intention in CBEC?

The structure of this study is organized as follows: the first section reviews existing CBEC literature and the current theoretical background; section two demonstrates the development of the research model and hypothesis; this is followed by the design of this study; then the research results; last, the paper concludes with discussions, contributions and limitations.
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