DOES SOCIAL PRESENCE ON E-COMMERCE WEB SITES INFLUENCE THE INITIAL TRUST OF ASIAN ONLINE SHOPPERS?

RESEARCH ABSTRACT

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ABSTRACT

The United States Census Bureau's reported growth of online retail sales from $4.571 billion in the fourth quarter of 1999 to $47.515 billion in the second quarter of 2011. Yet online sales only represent 4.6 percent of total retail sales. Studies report that many consumers use the Internet to gather information about products and service but only a small percentage actually purchase directly from a retailer's website (see Chau, Hu, Lee, and Au, 2007).

Representing $47.515 billion in the second quarter of 2011; online retail sales statistics are impressive for the United States. However, they represent only part of the picture. Asian countries are experiencing impressive online sales growth of their own. The iResearch Consulting Group (2011) reports that online sales in China have reached about $72.3 billion dollars for the year 2010. That amount represents a 75 percent increase over the Chinese online sales for 2009. South Korea is another country with high online retail sales. Nielsen (2010) reports that Chinese and Korean consumers are the most prolific online shoppers in Asia "with 95 percent of Internet users intending to make a web purchase in the next six months" (p. 5). In addition, Thailand, Vietnam, Indonesia and Taiwan are also spending increasingly more online. Despite the current numbers, Nielsen (2010) estimates that online spending averages about six percent of the total monthly spending for these Asian countries. This means there is room for growth as electronic commerce companies strive to understand what motivates an online shopper to become an online buyer.

Unfortunately most the electronic commerce research is focused on Western countries such as the United States with little research that examines Asian countries [see Yoon, 2009]. This is an interesting omission in the electronic commerce literature since national culture can affect consumer behavior (Gefen and Heart, 2006). The purpose of this current study is to examine the influence that the use of social presence will have on the initial trust of Asian online consumers.

Culture is not an easy concept to define but there are definitions that have been developed. For example, Matsumoto (1994) states that culture is the degree to which people share attributes, values, beliefs and behaviors. Perhaps the most popular definition of culture that has been used by many is that of Hofstede who defines culture as "the collective programming of the mind which distinguishes the members of one group from another" (1984, p.21).

In his work, Hofstede (2001) identified five dimensions of culture: 1) power distance; 2) individualism; 3) masculinity; 4) uncertainty avoidance; and 5) long-term orientation. While Hofstede's work was first applied to human resource management, it is now increasingly used in business and marketing studies (Yoon, 2009) such as those related to consumer behavior. Of particular interest for this study is the Asian culture. Based on Hofstede's ratings, Asian cultures score relatively high in uncertainty avoidance so trust is not something that would easily be extended to an unknown web site. Hofstede also rates Asian cultures as low in individualism meaning that they emphasize strong relationships. Hence, they are very good at meeting new people and willing to extend trust to them (Triandis, Bontempo, Villareal, Asai, and Lucca,

1988). So, online shoppers from Asian cultures may be more willing to trust web sites that use social presence aspects in their design. We postulate that adding social presence to an electronic commerce web site via a virtual spoken person (VSP) will have a positive influence on the trust given to an electronic commerce web site by Asian online shoppers.

Social presence is defined as the perception of human contact with an otherwise non-human entity such as a website (Gefen and Straub, 1997). Examples of social presence on a website include photographs of customer service representatives or other employees or customers (Sinclaire, Simon and Wilkes, 2010). This study will add to the examples of social presence to include a VSP for a website. For this study a VSP will be defined as a video of an actual person that can appear as if they are overlapping the website. The VSP is usually used to welcome or introduce a user to a website with a brief audio/video message.

One of the motivating factors for online shoppers is trust. Trust is essential when mapping out the success or failure of business to consumer (B2C) online retailers (Holsapple and Koufaris, 2005). Several studies have reported that trust is an important factor in the success for the business to consumer (B2C) marketplace [see Brynjolfsson and Smith, 2000; Hoffman, Novak and Peralta, 1999; Gefen, Karahanna and Straub, 2003; Gefen, Rao and Tractinsky, 2003; Van der Heijden, Verhagen and Creemers, 2003; Pavlou, 2003; Urban, Sultan and Qualls, 2000; Lim, Sia, Lee and Benbasat (2006)].

Trust is important in online shopping because of the uncertainty and risk that is associated with providing personal information (credit card numbers, addresses, telephone numbers, etc.) to a faceless entity without knowing if they will deliver the products or services purchased. Unlike traditional commerce, electronic commerce requires the consumer to pay first and wait for the delivery of the products with the exception of electronically delivered products. This delay between payment and delivery represents a great amount of uncertainty/risk on the part of the online shopper and requires trust from the online shopper to engage in the transaction. Hence, the lack of trust is frequently cited as one of the reasons why consumers do not purchase from online stores (Huang, Li, and Lin, 2007).

One of the questions that online retailers face involves determining how they can help consumers overcome their initial perceptions of risk associated with an unfamiliar electronic commerce store and help them engage in trust related behaviors such as sharing personal information and/or making purchases (McKnight, Choudhury, and Kacmar, 2002). This study examines the concept of social presence in the design of electronic commerce websites as a trust motivating factor for online consumers. Specifically this study will examine the use of a virtual spokes person (VSP) in the design of the electronic commerce website as a way to elicit initial trust, from Asian online shoppers, in an electronic commerce website.

For this study a 'real' electronic commerce website was used in an effort to present to initial web site users a genuine online shopping experience as opposed to a manufactured hypothetical online store that could have been artificially optimized with other trust-inducing features. By using a real online store, the users would visit a real virtual store designed by a real online merchant that would be typical of other electronic commerce web sites that they might see when shopping online.

The study used existing verified scales in the development of the survey instrument. The trust items were adapted in part from a Jarvenpaa, Tractinsky, Vitale (2000) study that assessed the importance of trust in four book selling web sites and four travel related web sites. Also trust items were adapted from a Bart, Shankar, Sultan and Urban (2005) study that examined trust across multiple web sites. Propensity to trust items were also included from an instrument development and validation study by Cheung and Lee (2001). Trust propensity has an effect on trust formation specifically when the trusting party, has no existing information about the trusted party (Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). Thus, this factor was included in this study on initial trust to make sure the respondents were not overly skewed on this factor.

The factor of interest to online sellers is the consumers' willingness to conduct purchase transactions on the web. However, it is difficult to simulate the consumers' actual purchase behavior in an experimental setting. Therefore this study measures behavioral intentions instead. Many previous studies have measured behavioral intentions as a proxy for purchasing behavior (e.g. Agarwal and Prasad, 1998; Karahanna, Straub, and Chervany, 1999; Venkatesh, 1999; and Venkatesh, 2000). The behavioral intent items for this study were adapted from studies by Jarvenpaa, Tractinsky, and Vitale (2000) and Bart, Shankar, Sultan and Urban (2005). Additional survey items were used to gather data on the participants' demographics.

A total of 26 items were created for the survey instrument. Survey items Q13 to Q26 collected demographic data. Survey items Q1 to Q11 were used as five-point Likert scaled questions with end points rating from "strongly disagree" to "strongly agree" and measured the participants' propensity to trust and trusting beliefs. Survey item Q12 was used to measure the participants' trusting intentions. A total of 92 respondents participated in this study. The data analysis has not yet been completed.

REFERENCES

References are available upon request from the author