Factors Affecting the Trust in the Online Shopping and E-commerce Success of Companies

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Authors’ contributions

This work was carried out in collaboration among all authors. Authors FS and BA designed the study, performed the industry analysis and wrote the first draft of the manuscript. Authors FS, BA and SS managed the literature searches. All authors read and approved the final manuscript.

ABSTRACT

E-commerce and its related technologies are the most recent development of the system that involves a great potential effect on the execution of online business and economic growth as well. Therefore, this paper adds to the extant literature by scrutinizing the factors influencing the customers' trust in the online shopping system in Canada and its impact on the e-commerce success of companies. A set of hypotheses are proposed to examine these links, considering the role of factors influencing the customer trust that may be played to determine e-commerce success in Canadian companies. SPSS will be applied to a selected sample of companies in Canada. There are three objectives in this research: to find out what are the factors that influence the trust of the customer in using online shopping systems in Canada, how does the trust of the customer in using online shopping affect the E-commerce success of the company, and find effective ways to increase the trustworthiness of the seller in the eyes of the customer. As the existing literature did not pay much attention to the e-commerce success of companies as well as the role of trust making, consequently, this study intends to evaluate the links between the variables in the context of Canadian companies. This research target is to measure the public knowledge and provide guidelines for both consumers and e-marketers to improve their services and help to reduce the setback to online shopping in Canada. Also, this research can be a guide and source to other countries with similar conditions. E-commerce is an important technology that is been introduced in Canada and like any other system where there are some flaws and shortages, this research is to help and conduct a solid guide for consumers for them to gain a better understanding of the risks and benefits of using this technology and for e-marketers to help make trust among their customers.

Keywords: E-commerce; digital technologies; trust; online shopping.
1. INTRODUCTION

Online shopping is one of the technologies been introduced through the advancement of technology and the development of new electronic services offered to market users such as sellers and buyers. Despite the newly formed technology and service, this market has been growing very fast and e-commerce and online shopping have introduced many opportunities for its users [1]. The initial adoption of the internet as a shopping channel does not guarantee continued online shopping, as discontinuance may occur at any stage of adoption due to unsatisfactory trial outcomes or usage experiences [2]. With the development and adoption of the internet as a shopping channel, Rogers states that it is entirely dependent on the user experience, based on this online shopping is no necessary continues over time, and discontinuance may occur at any stage [3]. However, until today usage of this channel has continued and every day we can see new ways of marketing been developed [4]. Since the development and implementation of the internet, there has been a lot of issues over its acceptance and adoption as a shopping channel, Davis et al., 1989 has developed a model, technology acceptance model (TAM) and it has become one of the major models used to study any type of technological innovations, This model explains attitudes towards information systems and predicts use intentions and adoption and is the most widely used theoretical system in this field. Even though TAM has provided a complete model to evaluate the adoption of the internet and online shopping, Abdollahbeigi [5] states that more in-depth evaluation is needed to determine the factors influencing the adoption of the internet among non-purchasing web users as a marketing media. According to Bulut [6], even with the growth of the Internet, this technology only serves middle and upper-class citizens. When it comes to online shopping there are some initial requirements that not everyone can provide, these include having access to a computer system, bank account, and a credit card and of course having access to the internet itself [7]. If we look closer at the characteristics of online shoppers when one’s level of education is higher and they have a higher monthly income they are more likely to be attracted to online shopping [8]. As time goes by we can see the development and growth of the internet over the world population. The target audience for this channel is changing since it first came out, by that time only the younger men with a decent level of income could afford to use this technology but by the year 2001 more than half of the online users were women [9].

2. PROBLEM STATEMENT

E-commerce is a very important technology that provides a variety of services and the ability to browse through a wide range of products and services to choose from, it provides much information regarding certain products and services and it helps customers to get more information in less time and make better decisions and get the best deals. Despite all the advantages that there is to internet shopping there are some flaws and difficulties when it comes to online shopping, there are difficulties regarding the payments and credits. There is the matter of security and online privacy of online transaction and customer information, even though there are popular companies such as Visa and Master Card providing security and reliability for online transactions to take place, it seems that they are not fully accepted as a secure way to make payments. Customers often don’t have enough knowledge of how to protect their information when it comes to World Wide Web surfing and shopping. As some of the disadvantages, we can refer to price and selection, lack of full cost disclosure, fraud, and security concerns. Even though there have been substantial investments in ICT and Internet infrastructure, Canada still suffers from a lack of adoption of online shopping, hence other countries prove to be more successful in terms of online shopping penetration and adoption.

3. RESEARCH QUESTIONS

- What are the factors that influence the trust of the customer in using online shopping systems in Canada?
- How does the trust of the customer in using online shopping affect the E-commerce success of the company?
- What are the effective ways to increase the trustworthiness of the seller in the eyes of the customer?

4. LITERATURE REVIEW

4.1 Online Shopping

Although online shopping was one of the big leaps into the digital world this market has not been very successful in some regions and this paper is to examine the behavior of Canadian
consumer in the online market, the problems, and flaws that are causing this market to not grow as much as other countries. Although researchers have foreseen a high rate of growth in this market worldwide, this market has had its ups and down and e-commerce has not been underestimated in the success of companies [10]. Online shopping is very technology-dependent, it requires constant internet access with acceptable speed for suppliers to add new products to their online shop and for consumers to be able to access the website compare products and make their choices between thousands of other products, also been able to make online payments through trusted third parties are some of the most important aspects [11].

4.2 Online Shopping Adoption Factors

Koehn [12], states that the adoption of online shopping depends heavily on the users themselves; hence not all people accept innovations at the same level. Some demographics and cultures are more acceptant than others; they welcome innovations and regulations to have a better life, yet others prefer to keep their existing modules and tools. This can arise from past experiences; either the innovations are not as effective as their old versions or not as efficient. Over the past 20 years, many modules have been developed and offered to measure the information technology acceptance between individuals but the module by Davis, 1989, technology acceptance model (TAM) has been one of the widely used and most complete modules that have given results regarding the technology acceptance among different demographics [13]. However TAM has not provided all the answers that developers and vendors are looking for when they are about to lunch their online service to end-users, there is still a need for more in-depth study in this field to offer more information and analyzed results to have a better success rate in the online market [14]. With regards to all the modules and studies, there are two main parts to any innovation, the first is the adoption itself and the second is the continuance usage of the innovation [15]. In this case, the success rate of usage of the internet for online shopping proposes falls heavily under the continuance usage of this channel as a shopping medium [16]. The reason for this is that factors determining the initial adoption success rate are not necessarily the same as innovation continuance factors yet many other factors are influencing the continued usage of innovation [17].

4.3 Trust in Online Environment

Many previous researchers have divided trust into different categories to be examined and studied Goutam [18] identified two different types of trust, first is global trust and the second is situational trust, but it was not used widely because of its shortcomings, another categorizing was introduced by Pappas [19] study, he identified and categorized trust to three different categories, institutional-based, process-base, and characteristic-base. Institutional-based trust is built within the economical frameworks; it’s mainly based on the trusted third party and includes certification and regulations [20,21]. A process-based trust also called trust in previous and coming experiences; relies on the previous experiences with that party, for example, previous shopping experiences from a vendor on eBay is displayed as a success rate on the website and other users can make transactions by placing their trust in the experience and vendor rating. Characteristic-based trust is based on the vendor’s characteristics, in terms of social, ethical community, and familial [21].

5. RESEARCH FRAMEWORK

The theoretical framework is a combination of past researches finding with regards to trust issues in online shopping. Fig. 1 shows the conceptual framework of the study and factors that can affect trust in online shopping and e-commerce success of the companies.

6. METHODOLOGY

The software that will be used to analyze data in this research is SPSS; it will include analysis such as descriptive analysis, frequency analysis, normality test, Collation analysis, and Coefficients Analysis. Descriptive analysis is defined as the analysis that helps for better understanding of the target population that is analyzed, their gender, age, demographics, and other personal attributes are presented along with graphs to help study them. Correlation Analysis helps the researcher to find that the connection between independent variables and the dependent variable is strong enough and any change in the dependent variable can be explain using independent variables. Coefficients Analysis is used to compare the significance of different variables concerning the dependent variable and their influence over the dependent variable. Coefficients Analysis is one of the
Fig. 1. Research framework

important analyses in this research where it can help us to gain a better understanding of the relationship between each variable.

7. FINDING, RESULTS AND DISCUSSION

The objective of this research is to categorize and moves step by step starting by identifying the major locations and provinces that e-commerce and online shopping has suffered the most, this shouldn’t be hard and can be achieved by using surveys and random selections from different provinces. Findings of this research can determine if there is any relation between incomes and online shopping, statics indicates that more income will result in more spending like shopping, etc. It is important to know if this is also true for online shopping, there is a need to research how easy people can access online credits and do online transactions do banks offer any type of services or if there are any private companies that offer to provide service for online transactions, find the level of trust among people toward online shopping and products and services offered online, and impact of technology acceptance especially online marketing and shopping for both consumers and marketers.

8. CONCLUSION

Since the penetration of the internet and online shopping follows the same steps in many countries, Canada also follows the same regulations. Difference in the variables influencing the trust factor in online shopping in other countries is based on the beliefs and moral values of that culture. These beliefs can help to boost the trust variable in online shopping or they can cause customer to hardly trust the internet merchant. The trustworthiness of the internet merchant can be reflected through many factors, stating past experiences from other users can help merchants to build trust and increase their level of trustworthiness among other merchants. this has direct relation with web and interface design. Development and adoption of online banking in Canada have a great impact on the e-success of the companies as this greatly helps internet merchants to offer their products and make online transactions easily and also helps the customers to make online purchases without having to worry about the security of their transaction.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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