COMPARISON OF E-TRUST AND TRUST CONCEPTS IN ONLINE AND OFFLINE DIMENSIONS

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Abstract. In everyday lives, we more and more use different technology products to make our lives easier and faster. We often do not realise that we are switching our lifestyles to the online platform – we do everything mostly online – meet and communicate with others, watch videos and listen to favourite songs, choose and buy different things. The main question is – can we trust everything that we see on the screen? Is the explanation of "trust" the same in real life and in online sphere? Authors of the paper compare the concept of "trust" in offline trade market with that in online trading. The following methods were used – literature study and analysis, consumer survey and statistical analysis. Consumer survey is already in the process and is to be continued during the next 2 years with the purpose to compare changes through years. Participants of the survey are the inhabitants of Latvia of different age groups, location, profession, etc. The authors have continued the survey to make it more complete and to find out new tendencies. It is possible to use the research results in both ways – theoretical and practical in respect of choosing an effective communication with consumers, in creating a long-term relationship with them, and in regard to increasing the customer loyalty level and level of "trust".

Keywords: Customer behaviour, e-trust, loyalty, online trading, satisfaction.

INTRODUCTION

The aim of the study is to compare the understanding of "trust" in offline and online trade markets.

Purchasing process in an online store provides us with new dimensions of traditional understanding of trust, loyalty, satisfaction, etc. The main problem is that most online traders try to use this understanding as in the offline store, without integrating it online. The authors suggest the idea of dividing the traditional understanding of well-known things in different markets.

In this paper the authors analyse and compare different customer behaviour models from the "trust" perspective in the traditional market and in online dimension. After the analysis, the authors offer the comparison of the mentioned understanding of "trust" and "satisfaction". This topic is becoming more and more popular every year because of the growing number of online trading users throughout the world, including the Baltic countries.

The number of e-consumers who use online stores is quickly growing every year. In 2016, there were 55 % of Latvian internet users who ordered goods or services online (European Commission Digital Agenda Scoreboard). According to the European Commission data people in the age between 25 and 34 are the most

active in online shopping processes are women – 56.3 %. Data analysis of European Commission Digital Single Market shows that in 2015 out of the number of individuals who were buying/ordering goods or services for private use over the internet 32.4 % did not encounter problems whereas 38.1 % had difficulties. Authors concluded that most of individuals had no problems during the purchasing process.

After the evaluation of different indicators and data, it is possible to underline that online trading is becoming more popular and more convenient way of shopping for customers. However, the problem is the increasing number of online sellers and shops. It is necessary not only to promote products or services, but also to build a long-term relationship with a consumer and to strengthen the level of customer e-trust and e-loyalty.

1. METHODS

The following methods were used: literature study and analysis, customer survey and statistical analysis. Consumer survey is already in the process and is planned to be continued during the next 2 years with the purpose to compare the changes through years. Participants of the survey were the inhabitants of Latvia of different age groups, locations, professions, and so on. The authors have continued the survey to make it more complete and to find out the new tendencies.

Hypothesis 1: The most necessary components in online trading are trust and satisfaction.

Hypothesis 2: In online trade market consumers evaluate product quality lower than the delivery quality.

2. RESULTS

The authors analyse the results based on the conducted survey of 319 respondents. The respondents filled in a questionnaire. The research is continued from the previous year (2015) in order to have the possibility to compare the changes that have taken place in different years, so this is the first part of the results.

After analysing the results, we can say that consumers use Internet trading at least once a month (57.37 % of the respondents); 10.66 % and 2.19 % use online shopping once a week or several times a week, respectively; 15.36 % of the respondents use Internet trading only a few times in a year, while 14.42 % do not use it at all.

Most respondents (43.57 %) prefer to do e-shopping in foreign stores; 24.76 % of respondents use foreign services and the Latvian Internet market, and only 10.66 % use only Latvian Internet shops. In contrast, 4 % of respondents are interested neither in the producing country nor online shopping, and 6.58 % of the respondents do not buy on the Internet in general. This situation can be explained by the fact that in foreign online shops customers can buy any product at a lower price with good and free shipping and have wider choice. In online stores such as ebay.com, alibaba.com, aliexpress.com, etc., consumers choose products from

different vendors, collecting thousands of offers in one place (Radionova & Praude, 2016).

Part of respondents (23.08 %) said that the most important factors for re-purchases are possible delivery and quality; 18.68 % − that it is the range of products; 17.22 % − the offer price; 16.48 % − delivery price; 10.62 % − quality of products; 8.06 % − the proposed brand and 5.86 % − the quality of service. The authors would like to point out that sometimes foreign internet shops do not deliver the products to Latvia or the postage is high and delivery time is too long, which is an important factor for consumers. The quality of the online trading market as a factor for repeated purchases is used less often. This can be explained by the fact that the communication with the seller is rare and not popular among customers. Online retailers should expand their territorial delivery options and the range of products, which could not only attract new customers, but also promote the existing consumer satisfaction, trust and loyalty. (Radionova & Praude, 2016) As it can be understood, trust and e-trust components here are highly needed. During the shopping process customers see only online pictures of the product, so if the customer trusts the vendor he/she will make a purchase, if there is no trust it will not happen.
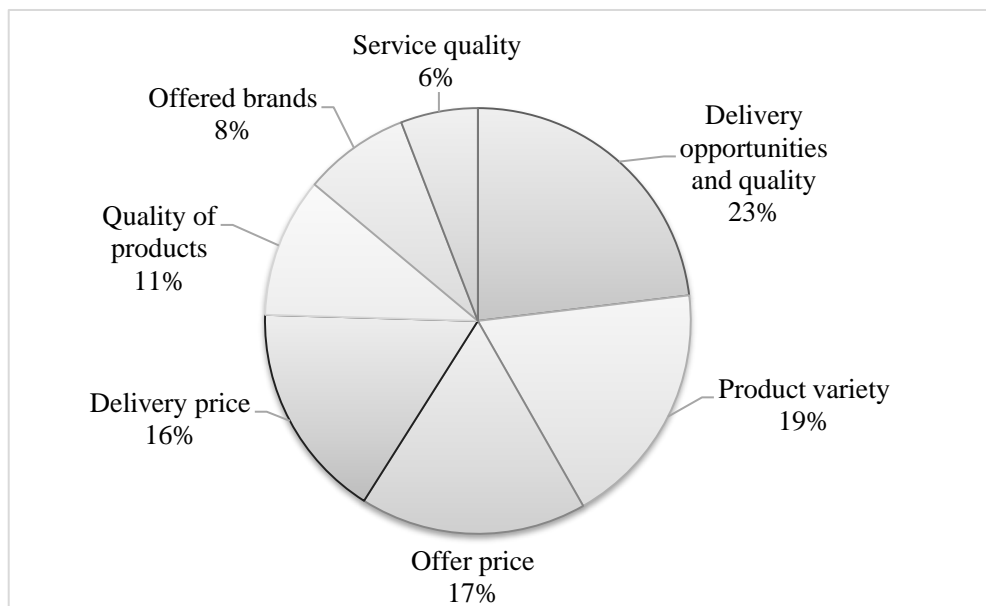

Fig. 3. Factors for re-purchase.

After the analysis of theoretical background and results the authors concluded that the hypotheses are proven theoretically and statistically.

H1 is proven theoretically. The most necessary components in online trading are trust and satisfaction.

H2 is proven. Consumers evaluate product quality lower than the quality on the online trade market; the survey results showed that for 23.08 % of the respondents the delivery quality was the most important factor therefore they preferred to re-purchase from the current online vendor, whereas less than a half of respondents (10.62 %) answered that for them product quality was the most important factor.

3. THEORETICAL ANALYSIS

Consumer trust and satisfaction is a necessary component for any company where the customer is of great importance. The authors underline that consumer satisfaction is one of the main aims of the company, which means long-term commitment.

Literature gives various definitions of satisfaction. In 1997, Oliver (Pires & Stanton, 2005) defined that satisfaction is a psychological set of results when the emotional environment provides hope realization higher than previous experience. By contrast, satisfaction can be described as the most important source of competitive advantage which improves consumer loyalty and promotes the re-purchase (Levin, 2009).

The authors accept both explanations, because the first one shows the formation process of satisfaction, while the second one points to the result. Of course, speaking about satisfaction it is necessary to mention competitive development and long-term work with the consumer, because of the importance to work on consumer behaviour in the market not only during the buying process, but also afterwards (Chang & Chen, 2016).

In the internet trade market it is essential to meet consumers' satisfaction directly in the online dimension. Udo et al., Bagchi, & Kirs (2010) examined several theories and came to the conclusion that the quality of the variables can be found only in the three main dimensions − information quality, system quality, and product quality. They determined that these dimensions directly affect customer satisfaction in online trading. Each dimension can highlight its own factors, such as service quality consists of five dimensions: goodwill, trust, responsibility, assurance, and empathy. The author agrees to such division, but believes that the dimension of the speed of reaction should be added to the quality of service. For consumer is important not only to use a nice-looking website, that has been used for a long time and which provided certain guarantees and a good attitude towards him, but also where issues are dealt with quickly and efficiently.

Working with consumers on the Internet, there is a need to find an approach and special communication that can be used in the online dimension (Kotler, 2014). Different scientific resources mention three main ways of communication for increasing consumer e-loyalty in the Internet environment (Yi, 2013):

1. Professional. - From the point of view of traditional marketing, this means that professional services related to direct and maintain staff skills. The quality of information and services is essential for consumers (Chang & Chen, 2008). It should be honest − while selling products on the Internet display only the real photos and a good description should be provided; prices should be clear. If the product has any defects and the consumer sees that the product differs from the picture there is no doubt that the consumer returns it immediately. The same is related to prices − some online stores do not display the full cost of delivery and other options and, when the user begins to pay, higher prices are showed in the payment window. In this case, the consumer often refuses from the purchase, and starts looking for other alternatives. All provided information must be reliable and easy to use (Labrecque, Esche, Mathwick, Novak, & Hofacker, 2013);

2. Interaction with consumers. Feedback can be given in virtual environment (both positive and negative). Without a doubt, even the best online store cannot receive only positive feedback. We should not forget that the reviews are written by people, and psychological factors should also be considered. It is necessary to deal with any review very quickly. This interaction with the user requires a two-way communication to create a sustainable relationship with the consumer, which increases confidence and satisfaction (McCole, Ramsey, & Williams, 2010). The interaction with the customer should be kind and with understanding and respect (Ivanov, 2012); there always should be a solution in case of any problems and increase the e-trust and e-satisfaction level. For the consumer, there should be a choice − to return the product, to get refund, and so on. Not only the consumer should have the trust but also the vendor. There is a need to provide an easy and convenient shopping process (Andrews & Bianchi, 2013), delivery and billing processes. In short, the process of purchasing the product should provide the consumer with satisfaction and comfort (Martínez-López, Pla-García, Gázquez-Abad, & Rodríguez-Ardura, 2014);

3. Stimulation. Of course, everyone understands that wants to make a profit, which means that the consumer is more likely to be encouraged to visit the URL and make as many purchases as he can afford. A variety of promotions and special discounts stimulate customers purchase the product and in some cases make a re-purchase (Sewell & Brown, 2002). Sometimes such actions are coordinated with traditional stores, if the company has both stores in traditional and internet environments. (Radionova & Praude, 2016) Loyalty programs now are very popular and motivate to purchase in a current e-shop to accrue bonus points, to get free delivery, discounts or various gifts, and so on (Tkachev, 2015). A personal approach to each customer is important too, such as a thank-you letter, holiday greetings, faster delivery, and other. After such service the consumer wants to share his/her positive experience with his/her friends or acquaintances, or in social networks and blogs, or elsewhere, thus, creating a positive impression about the company (Radionova & Praude, 2016).

All these three ways help to increase trust towards the vendor. Consumers are likely to purchase from online sellers when they can trust and recognize quality of the provided products and services. Online vendors need to promote consumer trust in their provided product and service quality, to reduce the perceived risk as this is a necessary antecedent for consumer online purchase intention (Pappas, 2016). Online purchase has many risks (Bhatnagar & Ghose, 2004) like product price risks, when the product price increases in the purchase stage because of taxes, delivery or something else. In addition, there is a product risk, because the buyer sees only a picture and the colour; size or package can be different in the real life. That is why sometimes it can be an advantage to have both online and traditional shop, so that a customer could have a possibility to see a product in the real life before the purchasing process online. To attract a consumer to a product, companies should provide return policies. For these consumers, one can also set up catalogue showrooms, where they can go and see a product before placing an order online. The store only needs to maintain a showroom, which eliminates extensive warehouse storage costs. The savings can be used to lower the product prices

(Bhatnagar & Ghose, 2004). Nowadays it is impossible to be quiet about security questions. As it was mentioned before, safe payments are an important part of consumer satisfaction and increase trust towards the seller. The consumer should clearly understand what steps precede the payment and he/she should feel safe about using his/her card and providing information to the vendor.

In the satisfaction, trust and loyalty research Trif (2013) proved that a high level of customer satisfaction ensures a high level of customer trust. The model of a link between trust, satisfaction and loyalty that can be seen in Fig. 1.
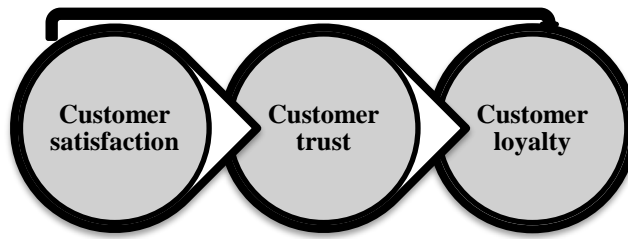

Fig. 1. Interaction model of satisfaction, trust and loyalty. (Trif, 2013).

After having analysed the theoretical part, authors have modified and adapted interaction model to internet environment, and to the internet trade market (online store) (Fig. 2.).
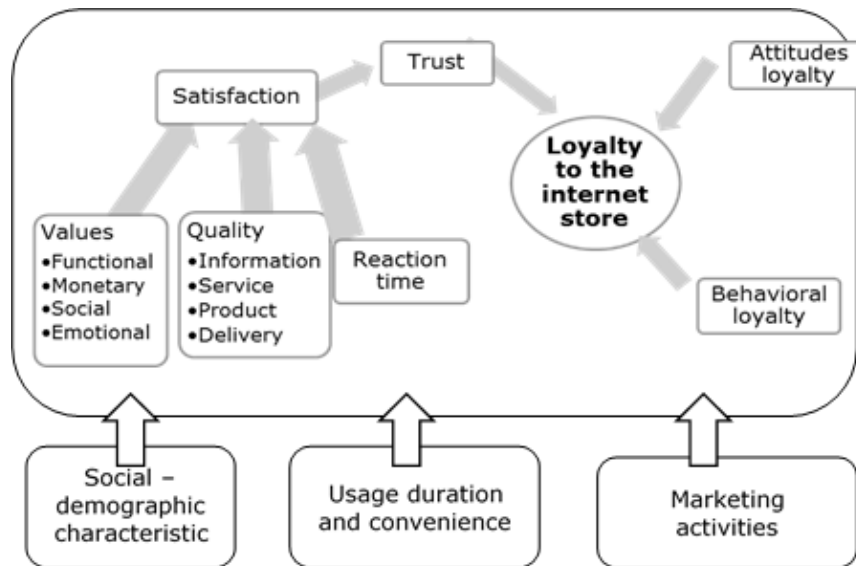

Fig. 2. Consumer loyalty model to the internet store (Developed by authors).

The models developed by authors point out that the loyalty building process on the internet and online stores is a more complicated process than it is considered to be, because it is affected by several factors. In this case, it is necessary to mention repeated purchases (re-purchases), which appear in case of high level of trust, which affects satisfaction. Authors would like to single out that the chosen opportunities

are what make the difference in loyalty to the traditional market and to the online market. While there is the tendency that on the internet it is much faster to find the required products, as well as to find a product that is not available in a traditional store, foreign stores are and will be more popular than local ones in Latvia.

CONCLUSION

Consumer "satisfaction" and "trust" in internet trade market affects the quality, which can be divided into four dimensions, such as quality of information, service quality, product quality, and delivery quality. Different approaches can be used to increase the level of "trust" and e-loyalty such as professional approach, interaction with customers and customer stimulation. All offline and online vendors should remember that satisfaction and trust are the main components to increase loyalty level.

The vendor should provide the real information about the product; he should react very quickly to different feedback from the consumers. The reaction time is an essential moment in the internet dimension. It is good practice when a vendor can provide full information in order not to confuse the consumer in the future and in that case, the vendor can lose the consumer's trust. After that, the vendors need to react as quickly as possible to increase trust, which influences satisfaction and loyalty. Those models have common ideas, but the strategy and communication differ in those two dimensions.

Consumers evaluate product quality lower than the delivery quality on the online trade market; the survey results showed that for 23.08 % of the respondents the delivery quality was the most important factor, therefore they prefer to re-purchase from the current online vendor, and less than a half of the respondents (10.62 %) answered that for them product quality was the most important factor. That is why it is important that vendors develop a delivery strategy first do not forget other factors.

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