

Enhancing trust or reducing perceived risk, what matters more when launching a new product?

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**ENHANCING TRUST OR REDUCING PERCEIVED
RISK, WHAT MATTERS MORE WHEN LAUNCHING
A NEW PRODUCT?***

Published

Using a collection of data among 490 participants from different companies in the field of medical engineering market, we contribute to the role of contact intensity by a business partner when launching new products by introducing trust as a mediator to the concept of perceived risk reduction to enhance the willingness to adopt. The findings show that the common concept of risk reduction to enhance the willingness of adoption is overrated. In detail, the results show *first*, that the influence of trust on the willingness to adopt is decisive instead of reducing perceived risk by the customer. The contact intensity is only important to enhance trust which influences the willingness to adopt in a positive way. Hence, managers should concentrate on the development of trust and not on the reduction of perceived risk of the customer. *Second*, our findings demonstrate that the attitude whether the customer is averse or affine towards innovations has no influence on the relationship between contact intensity and willingness to adopt. This is obviously the

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1 opposite of the findings of most researchers in literature who usually state customers need
different contacts of the seller to purchase a new product depending on their attitude
3 towards innovations.

5 *Keywords:* Willingness to adopt; launching new products; trust; contact intensity; per-
ceived risk reduction.

7 **Problem Outline**

9 The relevance of contact intensity within a business relationship is indisputable
11 considering the introduction of new products to the market (Semadeni and
Anderson, 2010; Suarez and Lanzolla, 2007; Gruner and Homburg, 2000). The
13 contact intensity of suppliers is able to reduce customers' subjectively perceived
uncertainties and fears about new products (Simonson and Drolet, 2004; Luh-
mann, 1979) and therefore enhances the success of market launches. Therefore the
15 concept of perceived risk reduction has not been questioned for many years (e.g.,
Kesharwani and Bisht, 2012; Lowe, 2010; Rijdsdijk and Hultink, 2003; Bagozzi
17 and Lee, 1999).

19 During the last years several researchers pointed out that in the promotion of
new products especially *trustful* product launch activities are highly relevant for
the success of business relationships (e.g., Jarillo, 2006; Möller and Svahn, 2004;
21 Atuahene-Gima and Haiyang, 2002). Thus, the question arises if the reduction of
perceived risk to enhance the willingness to adopt is only influenced in a positive
23 way. Might there be also other factors such as the customer's trust in the seller
which could enhance the willingness of adoption?

25 In particular, the increasingly complex and uncertain business environment
stresses the importance of trust in seller-buyer-relationships (Selnes, 1998; Athaide
27 *et al.*, 1996; Ganesan, 1994). Additionally, when the introduction of a new product
is included in the business relationship, the uncertainty of the customer will rise
29 further. Trust could encourage the willingness to adopt innovations of customers
by reducing uncertainty (e.g. Atuahene-Gima, 1997; Luhmann, 1979).

31 Especially for customers who are rather averse towards innovation and, who
will therefore often wait until the resolution of any teething troubles that may arise
33 with a new product, trust seems to be important (Mueller and Gemünden, 2009).
Innovation affine customers favour new products (DiMaggio and Powell, 1983;
35 Makadok, 1998) and mostly cannot wait to get to know a new product. Their trust
in the supplier of the new products seems very high, considering their immediate
37 courage in purchasing. Therefore two research questions arise:

39 (1) Can contact intensity really reduce customers' perceived risk or does it en-
hance customers' trust in the seller and influence the willingness to adopt

1 perspective, as it considers time as a third component next to the product and
the consumer.

3 The starting point of many thoughts is the diffusion model of Rogers (2003),
which includes five phases, which are awareness, opinion formation, decision,
5 adoption and affirmation (Abrahamson, 1991; Mahajan and Peterson, 1979). The
deliberate perception of the existence on an innovation is the first phase: awareness
7 formation. The interest, the search and the rating of the innovation are the opinion
formation and are part of the phase where the customer aims for a reduction of the
9 uncertainty of the adoption decision. Here, aim-oriented timing could has a posi-
tive influence on this uncertainty (Luhmann, 1979). The following decision phase
11 ends with the purchase or the decline of the innovation. (The decision to decline is
not necessarily long-lasting it may simply be a delay of the adoption decision.) In
13 the final stage, the customer looks for an confirmation of their decision. Naturally,
a multitude of factors influence the decision and moment of the adoption by the
15 customer, so that for each innovation there is a specific path of diffusion (Gatignon
and Robertson, 1985; Romeo, 1975; Globerman, 1975). The results of these
17 processes are the ways of behaviour and action and, therefore, here, the possible
purchase of the new product.

19 As already pointed out, the market activities of an innovative company include
operative and strategic activities before and after the market launch of innovative
21 products. Often, companies try to include the customer in the development of new
products at an early stage. Accordingly, stimuli can be placed very early and an
23 interactive process between the company and the customer can be aspired to. The
aim is to use the creative potential of the customer in the development of the
25 product and to, thereby, motivate the customer to eventually purchase the product
(Laursen and Salter, 2004). (In Economics, the term of open innovation is
27 describes as an interpretation of the innovation process as an interactive, divided
and open innovation system, spread by Chesbrough (2001, 2003a,b). Open in-
29 novation preaches an open innovation process as opposed to the classical closed
process (closed innovation) in which companies use only their own ideas (Laursen
31 and Salter, 2004).) At the same time, firms may also wish to introduce a product to
the customers only when it is developed completely and to then convince the
33 customer of its value.) In order to gain concrete results, it is essential to know
whether the potential customer exists or new business partner. For accurate results
35 concerning the design of the announcement moment as well as the contact in-
tensity with the seller, this examination concentrates on existing business rela-
37 tionships, where there is already a trust relationship.

For a long time the strength of a positive or negative attitude towards products,
39 services, sellers etc. is seen to have an important influence on consumer behaviour
(e.g., Ajzen and Madden, 1986; Fellner and Maciejovsky, 2007; Di Benedetto,

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1 1999). Here, the customer's general attitude towards innovation will be examined.
It is assumed, that the attitude towards new things can have a considerable in-
3 fluence on the decision of how to behave and, therefore, can give an insight into
whether contact intensity is worth the effort (Lee and O'Connor, 2003). Suppos-
5 edly, a positive attitude towards innovation makes the introduction of a new
product easier, as the addressed person is more ready to purchase the innovation
7 (willingness to adopt). On the contrary, a negative attitude towards innovations
makes the market launch rather difficult. With regard to these insights, the theory
9 of attitude is very relevant to the formulation of the research hypotheses. In
addition to that risk reduction and trust are the intentions of the activities of the
11 seller. Usually the Technology Acceptance Model (TAM) is used in literature to
point out that perceived usefulness and perceived ease of use are the most im-
13 portant factors which influence people to accept new products or a new technol-
ogy. While perceived usefulness is defined as the degree to which a person
15 believes that using a product would enhance his or her job performance, perceived
ease of use refers to the degree to which a person believes that using the product
17 would be more or less free of effort (Davis, 1989). Both factors are summarised in
the factor of risk in this model. Bauer (1960) differentiates between two dimen-
19 sions of risk: while objective risk certainly exists for consumers, the perceived risk
depends on the customers. Perceived risk is defined as a person's perception of the
21 uncertain and adverse consequences of engaging in an activity such as a purchase
(Dowling and Stealin, 1994). Rijdsdijk and Hultink (2003) characterised perceived
23 risk as a multidimensional concept with six different components: performance
risk, financial risk, social risk, physical risk, psychological risk, and the risk of
25 time loss. Performance risk is the most important risk regarding the TAM. A
perceived performance risk reduction of the customer is equivalent to the fact that
27 the new product is useful and easy to handle. Hence, the attitude towards using the
new product is enhancing (willingness to adopt) which can be measure by different
29 behaviours of the customers like purchasing the product and spending more
money etc. Here, we add trust to the model to analyse whether trust or perceived
31 risk reduction or both of them are decisive to enhance the willingness to adopt.
Furthermore, in our framework we model the attitude towards innovation as
33 a variable to separate the data into two groups to analyse if contact intensity
influences innovation and innovation affine people in a different way. The term
35 "actual use" describes the possible purchase of the new product which we
model as a control variable. This framework is already well known. The origins
37 of TAM can be traced to the Theory of Reasoned Action (TRA) (Fishbein and
Ajzen, 1975). It has been proven in several research studies on the TRA and on
39 the Theory of Planned Behaviour (Ajzen and Fishbein, 1973; Fishbein and
Ajzen, 2010).

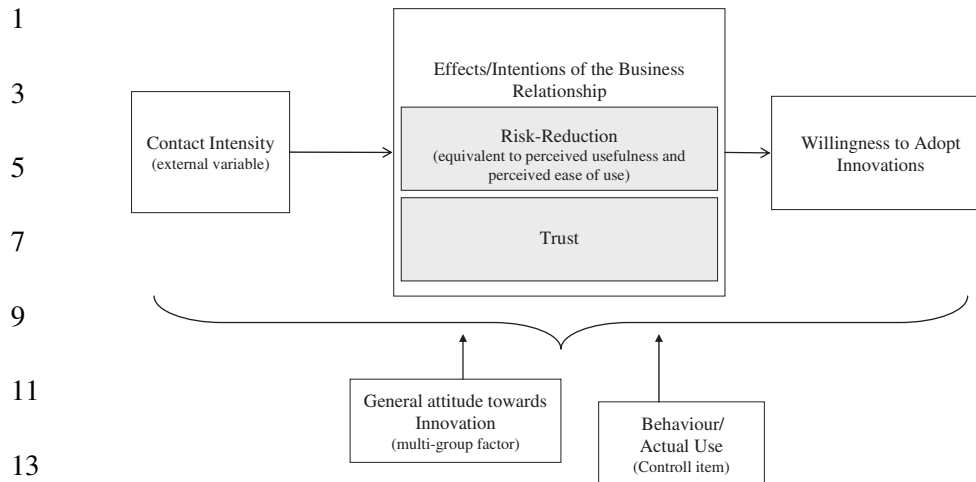


Fig. 1. Framework.

17 The theoretical explanations based on the framework of the analysis of attitudes
18 are shown in Fig. 1.

19 In general, we focus on the customer's *willingness to adopt* (the readiness to
20 purchase an innovation). We assume that the willingness to adopt depends, on the
21 one hand, on the well-established factors of perceived usefulness and perceived
22 ease of use, here shown by the factor perceived risk reduction and, on the other
23 hand, on trust — especially the enhancement of trust.

24 The *perceived risk reducing* impact by a person is already discovered by
25 Luhmann (1979). According to him, risk always occurs when there are multiple
26 choices of action (Rahman and de Feis, 2009 and 2010). When a decision to
27 adopt is postponed, it is normally due to incomplete information or a feeling
28 of insecurity in the buyer owing to this incomplete information (Patnayakuni
29 *et al.*, 2006; Bagozzi and Lee, 1999). Normally there are no extensive
30 field reports from people's experiences available for innovations and there is no
31 possibility to test a product before one buys it. Incomplete information makes
32 the decision more uncertain, thus delaying the decision process (Miao, 2009;
33 Rahman and de Feis, 2009, 2010). Hence, people are not sure if the new product
34 would enhance their job performance. The more complex and incomplete in-
35 formation about a new product is, the lower is the degree to which a person
36 believes that using an unknown product enhances the job performance. Fur-
37 thermore the more complex and incomplete information about a new product
38 is, the lower is the degree to which the customer believes that using the
39 new product is free of effort. Holak's (1988) as well as Holak and Lehmann's
(1990) results show a strong negative impact of perceived risk on purchase

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1 intention. Current research demonstrates similar findings (e.g., Kesharwani and
2 Bisht, 2012; Lowe, 2010; Rijdsdijk and Hultink, 2003). Hence, the perceived risk
3 is a central factor influencing the decision to adopt negatively (Mitchell *et al.*,
4 1998; Ram, 1994). Thus a reduction of the customers' perceived risk might
5 have a positive influence on the willingness to adopt. Therefore, the following
6 hypothesis states:

7
8 Hypothesis 1. *Risk perceived by the customer is negatively related to the*
9 *willingness to adopt.*

10 We assume that because of the huge amount of new product failures that another
11 factor despite perceived risk reduction by the user is relevant when making a
12 purchase decision. That is *trust*. Trust has become more and more important for
13 organisations and business relationships (Searle *et al.*, 2011; Dayan *et al.*, 2009;
14 Morgan and Hunt, 1994; Moorman *et al.*, 1993; Anderson and Narus, 1990). Also,
15 the importance of trust has been acknowledged in the innovation management
16 literature (Schleimer and Shulman, 2011; Wang *et al.*, 2011; Akgün *et al.*, 2005;
17 Koskinen *et al.*, 2003) very few results can be find in research until today.
18 Rousseau *et al.* (1998) define trust as “a psychological state comprising the in-
19 tention to accept vulnerability based on the positive expectations of the intentions
20 or behaviours of another.” However, research also suggests trust is not limited to
21 people, but can also be observed between firms at the organisational level (for an
22 overview see Fulmer and Gelfand, 2012). The role of trust in industrial buyer-
23 seller relationships has always been considered a critical determinant for long-term
24 success (Schleimer and Shulman, 2011; Searle *et al.*, 2011; Kwon and Suh, 2004).
25 The identification of the customer with the business partner makes him more likely
26 to purchase an innovation, as he trusts his partner (Reichers, 1985). Thus, the
27 following hypothesis is assumed:

28
29 Hypothesis 2. *Trust is positively related to the willingness to adopt.*

30 As global competition has intensified, which in turn has led to increasing
31 overall uncertainty and specific risks for organisations, close collaboration be-
32 tween buyers and sellers has once more received rising attention in management
33 and academic research (Ganesan, 1994, p. 1). There is wide agreement among
34 scholars that trust between industrial buyers and sellers reduces uncertainty and
35 increases the commitment of both parties for long-term collaboration, hence
36 leading to better relationship performance and enhanced overall satisfaction
37 (Nevins and Money, 2007; Yilmaz *et al.*, 2005; Anderson and Narus, 1990;
38 Andaleeb, 1996; Morgan and Hunt, 1994; Bharadwaj and Matsuno, 2006). In this
39 regard too, trust in the supplier contributes to reducing subjectively perceived

1 uncertainties (Edmondson, 2004). Here, the uncertainty about the possibility of a
2 “breakdown” of the new product or the likelihood that the “product will work
3 improperly” can be reduced by enhancing the seller’s trustworthiness. Therefore
4 the customer’s trust in the seller influences this perceived risk in a positive way.
5 Furthermore trust enables flexible adjustments of the agreement in addition to
6 agreements by contract (Johnston *et al.*, 2004; Zaheer *et al.*, 1998). While con-
7 tracts are essential for the development of a business relationship, the continuance
8 can be sealed by handshake (Madhok, 1995). Empirical findings regarding
9 established business relationships support this image describing a negotiation
10 process that runs significantly faster, more easily and with fewer conflicts (Zaheer
11 *et al.*, 1998; Anderson and Narus, 1990). There might be a positive influence of
12 trust on customers’ perceived risk towards new products. Thus, we can assume the
13 following:

15 Hypothesis 3. *Trust is positively related to risk perceived by the customer.*

17 One essential aspect when launching a new product is the communication
18 process between customer and supplier (Miao, 2009; Bagozzi and Lee, 1999).
19 Until now, there have been only few insights into the intensity and frequency of
20 the communicative exchange with the partner of interaction in the literature
21 (Forlani and Parthasarathy, 2003; Gales and Mansour-Cole, 1991; Athaide *et al.*,
22 1996). But in general researchers agree to the fact that communication is a driver
23 of diffusion (Bohlmann *et al.*, 2010; Albers, 2001; Tellefsen and Takada, 1999).
24 Bohlmann *et al.* (2010) demonstrate that the ability to speed up diffusion
25 depends significantly on within- and cross-segment communication within a
26 heterogeneous network. Goldenberg *et al.* (2002) focus on the influence of
27 interpersonal or word-of-mouth communication regarding overall diffusion.
28 Hence, it is indisputable that intensity does have an impact on demand behav-
29 iour and that the contact intensity of the supplier with the customer can posi-
30 tively contribute to the successful introduction of an innovation to the market.
31 So we assume that contact intensity might have a positive influence on the
willingness to adopt.

33 Hypothesis 4. *Contact intensity is positively related to the willingness to adopt.*

35 In addition to this, several researches point out that the contact intensity is
36 positively related to trust. The better the communication (contacts between the
37 partners) the better the trust level in a relationship (Nienaber and Schewe, 2012;
38 Xie *et al.*, 2010; Anderson and Narus, 1984; Doney and Cannon, 1997). Fur-
39 thermore communication between two parties is positively related to a lower level
of perceived risk (Luhmann, 1979). Especially in case of unknown and new

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1 products communication can reduce customers' fears. In a market introduction, the
innovating company has to send signals indicating the existence of an innovation.
3 Where the customers have some interest, they will then look for further infor-
mation on the product. The successful impact of extensive communication with
5 the buyer during the market introduction to reduce fears is supported in several
empirical studies (Bohlmann *et al.*, 2010; Lee and O'Connor, 2003; Goldenberg
7 *et al.*, 2002). The formulated hypothesis state:

9 Hypothesis 5. *Contact intensity is positively related to perceived risk by the
user (a) and to trust (b).*

11 For a long time, the customers' attitude towards products, services, sellers etc.
has been seen to have an important influence on consumer behaviour (Fu *et al.*,
13 2010; Di Benedetto, 1999; Ajzen and Madden, 1986). Several different approaches
to the identification of the attitude of a participant towards new products can be
15 found in the literature (e.g., Fishbein and Ajzen, 2010; Koellinger, 2008; Ronis
et al., 1989; Chatzisarantis *et al.*, 2008; Fishbein and Ajzen, 1973). Given this, the
17 attitude towards innovation can lead to essential insights as to whether contact
intensity is profitable for the seller; and whether the contact intensity of the seller
19 with the customer needs to vary according to innovation attitude. Consumers often
prefer older product generations, because they either are innovation averse or they
21 do not want to spend time learning about the use of a new product (Chatzisarantis
et al., 2008). It could also be assumed, that a positive attitude towards new
23 products is beneficial to market introductions, as the particular customer will more
willingly purchase them. An innovation averse attitude by the customer towards
25 new products would handicap the introduction. Therefore, the hypothesis states the
following:
27

29 Hypothesis 6. *Innovation attitude moderates willingness to adopt.*

31 **Empirical Design and Measurements**

33 The hypotheses described above have been tested in an empirical investigation
by using a standardised questionnaire. This investigation focuses on dentists in
35 private practice (in this study the term dentist is used for both males and females)
in a chosen region. This decision is based on the fact that dentists are the most
37 common medical practitioners and the financially strongest. Dental practices
normally have a considerably higher monetary investment in medical equipment
39 than other practitioners do. Accordingly, trust in the business partner has to be
higher, due to the more cost-intensive purchases. Furthermore, it is essential for

1 this investigation that the dentists surveyed are able to make their purchase
2 decisions independently. The region chosen for this investigation includes large
3 cities as well as rural areas and is, therefore, representative of the national
4 distribution of dentists. About 571 questionnaires had been sent to the partici-
5 pants. After three weekly follow-ups, 490 questionnaires returned (rate of return
6 80.07%).

7 Some attributes will now be briefly illustrated. Since 84.08% of the respondents
8 were self-employed dentists, it is safe to assume that responsible decision makers
9 are the ones purchasing product innovation. Almost half of the respondents
10 (48.57%) had been a dentist for more than 20 years and had occupied their
11 respective office for more than 20 years (45.31%). About 20.82% of the dentists
12 had been in their present location for 15 to 20 years, slightly less than those who
13 had been dentists for 10 to 15 years (24.08%). About 51.84% of the respondents
14 had been dentists for more than 20 years, and 26.53% had been a dentist for 15 to
15 20 years. These results indicate that the majority of the respondents were pro-
16 fessionals with a comprehensive and well-founded practical knowledge and
17 business experience. Therefore, one can anticipate well-founded and practice-
18 oriented results for this study. The highly competent test subjects as well as the
19 great rate of return of the survey allow for well-founded statements with regards to
20 practice-oriented implications for innovating companies and their exposure to
21 business partners.

22 The Partial-Least-Square (PLS) Method has been applied in our analysis be-
23 cause of the arguments presented in Reinartz *et al.* (2009). The software Smart
24 PLS (Ringle *et al.*, 2005) has been used because it allows for simultaneous testing
25 of our hypotheses (Henning-Thurau *et al.*, 2007). To evaluate the results a multi-
26 step multiple regression analysis is done, too. The theoretical constructs in the
27 structural model represent latent variables. Each latent construct requires a set of
28 empirically tested indicators for its reliable and valid measurement (Ringle *et al.*,
29 2011). The initial focus was on the quality testing of the measurement models, to
30 assess the quality of the measurement of the latent variables by means of the
31 collected indicators. Each measurement model was tested for its quality and the
32 test of the factors of contact intensity as well as the test of the success model were
33 carried out using analysis partial models. First, the measurement models of latent
34 variables and the structural equation model have to be evaluated separately
35 (Henseler *et al.*, 2009). In this study, we follow Jarvis *et al.* (2003) recommen-
36 dations for establishing reflective and formative constructs. Second, the interpre-
37 tation of the structural model and, therefore, the interpretation of the assumed
38 interdependencies are made. Third, the influence of the attitude towards innova-
39 tion, which is the mediating variable, is tested. For this purpose, we conduct a
40 multi-group analysis (Sarstedt *et al.*, 2011).

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1 **Willingness to adopt**

3 Here willingness to adopt is measured as a complex construct. The approaches
5 recommended by Suh and Houston (2010) and by Doney and Cannon (1997) are
7 used in a modified version. First of all it is interesting to know if the customer is
9 more willing to invest in an innovation in this specific relationship compare to
11 others and to know if he is more willing to spend money on an innovation than
intended. The fact whether the customer purchases the innovation or not is controlled. The items have five Likert-types response options from one (completely agree) to five (completely disagree). The indicators are phrased reflectively such as recommended by Jaris *et al.* (2003).

13 **Perceived risk by the user**

15 As already pointed out the perceived risk by the user is measured as an
17 equivalent to perceived usefulness and perceived ease of use. Those both factors
19 are summarised in the factor perceived risk. A reduction of the perceived risk
21 by the user or customer is equivalent to the fact that the new product is useful
23 and easy to handle. The perceived risk is measured accordingly to Rijdsdijk
25 and Hultink (2003) based on Bauer (1960). Here, the perceived performance
27 risk is in focus. Performance risk is the most important dimension and can be
29 seen as the risk which is associated with inadequate or/and unsatisfied performance of a product (Rijdsdijk and Hultink, 2003). It is measured with three items. The items have also a five Likert-type response option from one (very likely) to five (very unlikely). Two of these items asked the respondent to describe “how likely it is that the new product will operate improperly and have breakdowns” which are for example the opposite of the original itmes “if using a product in my job it would increase my productivity or my effectiveness on the job” used by Davis (1989). The last item asked “how likely it is that this is a bad product.” The smaller such perceived performance risk is, the more likely it is that the new product is purchased. Those indicators are also phrased reflectively.

33
35 **Trust**

37 Trust is illustrated according to the findings on trust according to Mayer
39 *et al.* (1995) and Mayer and Davis (1999) and thus, is phrased reflectively. Integrity, benevolence and ability of the innovative company are important in this study. Especially the importance of ability was supported by Gabarro (1987).

1 **Contact intensity**

3 The contact intensity is assessed with two factors contact moment and contact
5 frequency using a modified version of the scale used by Morgan and Hunt (1994)
7 as well as Doney and Cannon (1997). The number of contacts between customer
9 and seller as well as the period of time between two contacts are important. In
addition, the regularity of contacts is in focus. The contact intensity factor is built
as a higher order factor, based on the moment and frequency contact factors. Thus,
this factor is phrased formative. The items have five Likert-type response options
from one (very high) to five (very low/short/little).

11

Attitude towards innovation

13 The attitude towards innovation generally can be divided into two forms: inno-
15 vation averse and innovation affine. Here, the attitude towards new products
17 was assessed with two items adapted from Doney and Cannon (1997) and Tax
19 *et al.* (1998) which are phrased reflectively referring to Jarvis *et al.* (2003). Thus,
the attitude towards innovation can be operationalised by the indicators of “neg-
ative experiences with new products” and “probability of a future purchase.”
A five Likert-type response from one (completely agree) to five (completely
disagree) is used.

21

23 **Actual use**

25 The actual use is measured by the control item: “Did you purchase the new product
or not?”. We measured this item with a scale yes/no.

27

29 **Results and Discussion**

29

31 Owing to the structural equation model the quality testing is carried out using the
33 typical criteria (Hulland, 1999). As Hair *et al.* (2012) already pointed out the
quality of such a PLS-model can not be measured with only one goodness-of-fit
criterion. Instead, the measurement models as well as the structural model have to
be evaluated separately (Ringle *et al.*, 2011).

35 Thus, we start with the measurement models. All of the indicators of the
37 measurement models show a sufficient reliability and a sufficient significance of
the path coefficients of the measurement model.

39 For the reflective outer models we tested the internal consistency validity
(the values of the composite reliability should lie between 0.6 and 0.7; Bagozzi
and Lee, 1999) and Cronbach’s alpha (requiring a minimal value of 0.6 to 0.7;

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1 Table 1. Validity of the measurement models.

Construct	Cronbach's alpha (> 0.6)	Composite reliability (> 0.6)	AVE (> 0.5)
Trust	0.633	0.804	0.586
Risk	0.495*	0.649	0.553
Willingness to adopt	0.670	0.686	0.550

7 *The required Cronbach's Alpha for risk reduction is not met, however, this can be ignored due to the higher relevance of internal consistence against Cronbach's Alpha.

9 McAllister, 1995), as well as the convergence validity by using average variance
 11 extracted (AVE of at least 0.5, Chin 1998) and the discriminant validity (Fornell–
 13 Larcker criterium with a required minimal value of 0.5; Fornell and Larcker,
 15 1981). These criterions are most used in research (Hair *et al.*, 2012). Table 1
 17 shows the internal consistency reliability as well as the convergent validity. It can
 be seen that the AVE of the willingness to adopt is not exactly on target
 (0.450; > 0.5 is required). However, the values of the internal consistence are
 much higher than the minimal value.

19 Finally, the discriminant validity needs to be tested. As the AVE is mostly
 higher than the maximum correlation to another construct, sufficient discriminant
 validity is assumed.

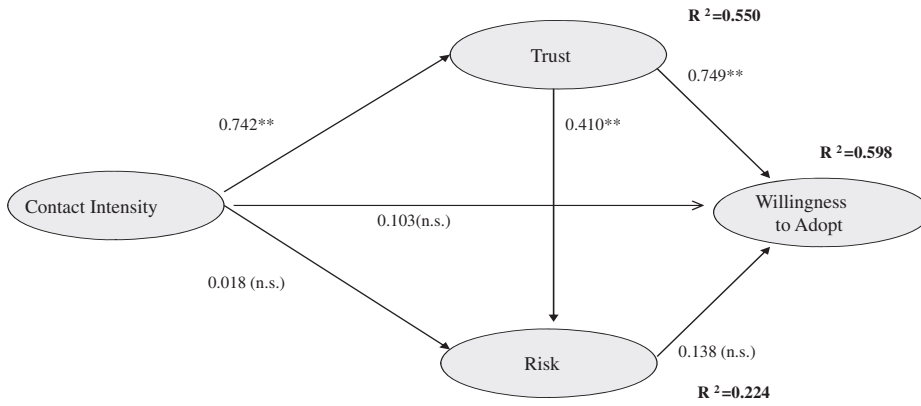
21 The evaluation of the construct contact intensity follows the typical steps of
 formative outer models (Hair *et al.*, 2012; Ringle *et al.*, 2005). The following
 23 Table 2 shows the indicator loadings as well as the Variance Inflation Factors
 (VIF, the values of these factors should be below 10).

25 The evaluation of the structural model is carried out in three stages. In the first
 stage, the scale and significance of the path coefficients is examined. Then, the
 27 coefficient of determination is calculated, and, finally, the substantial explanatory
 contribution is tested. Simultaneously, the *t*-statistics check for the significance of
 29 the path coefficients is done. In Fig. 2, the model with all significant paths is
 illustrated.

31 Table 2. Quality of the formative outer model.

Constuct	Indicator	Loading	VIF
Contact Intensity	frequency	0.765	1.231
	regularity	0.749	1.832
	actual information	0.798	1.423
	contact number	0.433	1.523
	actual	0.253	1.234
	time	0.575	1.132
	time distance	0.757	1.943

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Legend: Level of significance * $p < 0.05$; ** $p < 0.001$; n.s. = not significant.

13

Fig. 2. Model including significant paths.

15

17 The coefficient of determinant attests to a relatively high explanatory power of the independent variables with 59.8% of the variance of the willingness to adopt explained by the model. The explanatory power of trust is $R^2 = 55\%$.
19 The factor of risk has an explanatory power of 24.2% (following Chin's classification (1998) that the explanatory rates of trust and willingness to adopt are evaluated as "good" and perceived risk as "average"). Furthermore, it can be stated that the contact intensity has a positive and highly significant influence on trust (β (path coefficient) = 0.742), but not on the reduction of the perceived risk by the customer. In addition to that the contact intensity influences the willingness to adopt definitive less than trust. Furthermore the effect of contact intensity towards willingness to adopt is not significant. The interdependence of trust and perceived risk alone proves a positive influence. Equally, there is no significant correlation between perceived risk reduction and the willingness to adopt. The willingness to adopt obviously is not influenced by perceived risk reduction. Only trust has a positive impact on the customer's willingness to adopt ($\beta = 0.749$).

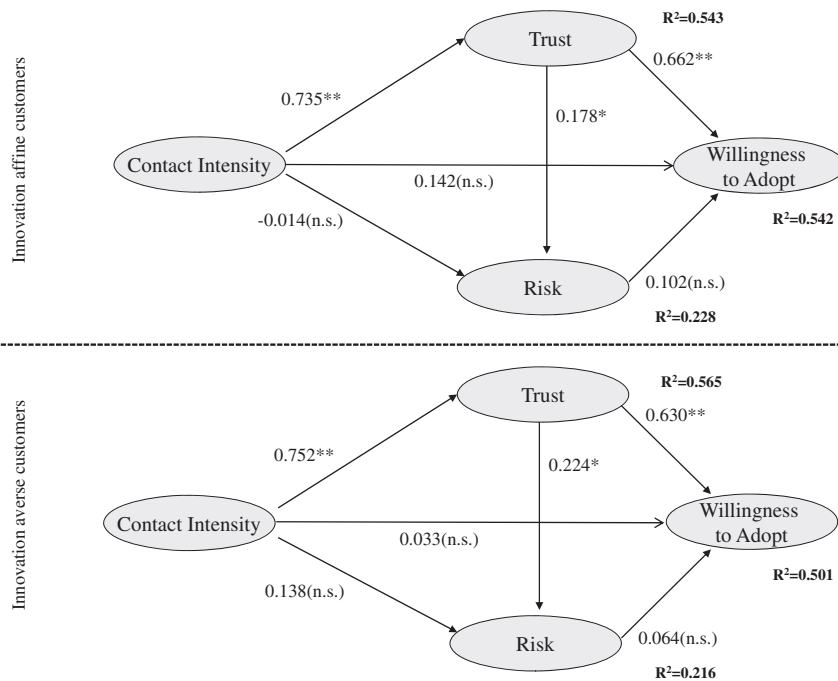
23 Thus, the mediating role of trust has to be highlighted. Trust is fully mediating the relationship between contact intensity and willingness to adopt. Full mediation is rare to find and very interesting. This finding allows the question if the whole model of perceived risk reduction is overrated today. Is enhancing the customers' trust in the seller the main important effect managers have to be aware of today?
27 What does this mean to research in further studies? Before we discuss this finding further we go more into detail. First, we add the control item actual use and second, we divide the data into different groups depending on customers' attitude towards innovation.

39

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1 When we add the control item “actual use” we cannot find a significant influence. Thus, we can say that our results are independent from the final purchase
 3 or non-purchase. Our results seem to be very generalizable. Thus, it can be stated,
 5 that the contact intensity neither has an influence on the perceived risk reduction of
 7 the customer nor direct on the willingness to adopt. Since only trust is able to
 increase the customer’s willingness to adopt, companies should put a high value
 on this factor.

9 Due to the assumption of the customers’ innovation attitude being able to play a
 major role, in the following, a group comparison of affine and averse customers
 11 should show whether a possible perceived risk reduction is observable, enabling
 an increase of the willingness to adopt. Here, we follow the recommendations of
 13 Sarstedt *et al.* (2011) for multi-group analysis. Does perhaps a perceived risk
 reduction work in case of innovation averse customers? Or are there no differences
 whether the customer is affine or averse towards innovations in the process of
 15 willingness to adopt? To answer these questions, the customer’s attitude towards
 innovation has to be examined more closely. Figure 3 shows the influence of the
 17 attitude towards innovation on the path coefficients of both models.



Legend: Level of significance * $p < 0.05$; ** $p < 0.001$; n.s. = not significant.

Fig. 3. Effect of the attitude towards innovation.

1 When comparing both types of customers the explanatory power of the will-
ingness to adopt turns out to be above 50%, with innovation affine persons
3 showing an $R^2 = 54.2\%$ and averse persons $R^2 = 50.1\%$. Furthermore, it stands
out, that in both models the perceived risk reduction has a noteworthy lower
5 explanatory power than trust. Trust for affine customers equals $R^2 = 54.3\%$, while
it is $R^2 = 56.5\%$ for averse persons. The perceived risk reduction shows values of
7 $R^2 = 22.8\%$, and $R^2 = 21.6\%$ respectively. As it can be seen, the difference
between the customer types regarding the explanatory power of trust is signifi-
9 cantly greater.

11 In all models, it can be seen, that contact intensity has a positive significant
influence on trust. While a value of $\beta = 0.735$ between the contact intensity and
13 the willingness to adopt can be detected for averse clients, the value for affine
clients equals $\beta = 0.752$. The effects of the contact intensity on the willingness to
15 adopt are positive and significant in both models. Again, it can be stated, that there
are no significant effects of contact intensity to the willingness to adopt neither in
17 case of innovation affine nor in case of innovation averse customers. Furthermore,
it can be seen that there is no influence of contact intensity to the perceived risk
19 reduction. This effect is even zero in case of innovation affine customers. How-
ever, this effect is in both models not significant.

21 Thus, we can see again the role of trust as a mediating factor. When comparing
both models specific to type with the model of all participants, the explanatory
23 power of the willingness to adopt is similar as well as the effects towards trust and
the reduction of perceived risk. In addition to that all three models demonstrate
25 that the contact intensity has only on trust a strong positive and significant in-
fluence. Neither the effect of contact intensity towards the perceived risk reduction
27 nor the direct effect of contact intensity towards the willingness to adopt is sig-
nificant. At least we control whether a customer buys or does not buy the new
29 product. Our results show that there is no significant influence on the results. In
order to further validate those results and because of the reproaches against PLS,
31 that those effects are often times overestimate, all of the hypotheses were tested
using a multi-step multiple regression additionally. With this test, all hypotheses
33 could be supported again. Also, the loadings of the single interdependencies are
comparable.

35 Therefore, the results show that companies should pay more attention towards
trust than towards perceived risk reduction, when they want to enhance their
37 customer's willingness to purchase an innovation. The whole concept of risk
reduction seems — based on these results — overestimated. Customers, whether
39 they are averse or affine towards new products, are not interested in risk reduction
when they think about buying an innovation. Trust is decisive. Thus, companies
should pay more attention to trust. Especially in long-term business relationships

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1 trust can be build over time and support a successful market launch. Trust
2 enhances the willingness to adopt of innovation affine as well as innovation averse
3 customers. That result is very surprising when compared to the general opinion in
4 literature. Here it is always stated that the perceived risk or the perceived use-
5 fulness of a new product and the perceived ease of use of a new product is
6 decisive for purchasing a product. The results of this study prove those statements
7 wrong. Other factors such as trust seem to be more important. All in all the idea of
8 trust is already been noticed in the innovation management research in the last
9 years. But only very few studies can be found which put trust into consideration
10 and no study can be identified which deals directly with the perceived risk of the
11 customer when launching new products. Some studies should be named: for
12 example Panayides and Lun (2009) who pay attention to trust and companys'
13 innovativeness or Wang *et al.* (2011) focusing on trust impact on innovation
14 performance.

15 Regarding the research field of trust the general statement in literature that trust
16 reduces the perceived risk of persons can be confirmed as Luhmann already said
17 in 1979. But the whole mediating influence of trust in this model is absolutely
18 new. A positive influence of trust on perceived risk reduction is noticeable in both
19 cases. Here, it can be seen, that trust has an even more positive influence on
20 perceived risk reduction in cases of innovation averse customers. All other rela-
21 tions impressively demonstrate that the general attitude of customers, whether
22 they are averse or affine towards innovations, is not influenced by contact in-
23 tensity. Thus, companies should not spend a lot of money on a regular contact or
24 very intensive contact with their customers because they thereby do not reduce
25 their perceived risk. It is not necessary. It is much more important to build
26 trustworthiness for their customers when contacting customers. Furthermore they
27 do not have to differentiate between innovation averse and affine customers be-
28 cause the effect of contact intensity towards the willingness to adopt is almost
29 the same.

31

Limitations

33

34 A few limitations of this study should be noted. First, the data for this research is
35 cross-sectional rather than longitudinal. Our study demonstrates associations and
36 cannot establish causality. A longitudinal study helps to get information about
37 causality relationships and the development of trust over time. Second, a limitation
38 can be seen in the self-reported survey. This can cause biased relationships due
39 to common method bias. However, this study uses a strong theoretical approach
to strengthen the results. Therefore self-reported statements were necessary to

1 evaluate what individual mechanism lead to the perception of trust and the will-
ingness to adopt. Still, to reduce the potential risks of the common method bias,
3 different suggestions on questionnaire design formulated by Podsakoff *et al.*
(2003) were followed. The survey assured anonymity to the participants and also
5 assured them that there was no right or wrong answer. Furthermore, we tested the
data for a non-response bias as recommended by Armstrong and Overton (1977).
7 Additionally, we evaluated the results of the PLS model by doing a multi-step
multiple regression analysis, too. The results underline the findings of the struc-
9 tural equation model because the path coefficients were not noteworthy different.
Thus, we can state that we were aware of the problems carried out in Lindell and
11 Whitney (2001) or Malhotra *et al.* (2006).

13

15 Conclusion

15

17 This study has two main contributions two the field of innovation management
research.

19 First, the influence of trust on the willingness of adopt is undeniable. Here, it
can be shown that the common concept of perceived risk reduction to enhance the
21 willingness of adoption (e.g., Kesharwani and Bisht, 2012; Lowe, 2010; Rijdsdijk
and Hultink, 2003; Bagozzi and Lee, 1999) is overrated. Obviously, the contact
23 intensity has no influence on the reduction of the perceived risk of the customer
during the purchase of a new product. The reduction of the perceived risk of
customers might be more a matter of course. Decisive is trust. Trust has a strong
25 and positive influence on the willingness to adopt. Furthermore, this influence is
independent whether the customer is affine or averse towards new products. To
27 date, there have been only a few studies such as that of Doney and Cannon (1997),
demonstrating the influence of trust on the willingness to adopt.

29 Second, the results relativise the general accepted position that the attitude
towards innovation has a strong influence on customers' behaviour when
31 launching new products (e.g., Schoder *et al.*, 2006; Di Benedetto, 1999; Ajzen and
Madden, 1986). Usually researchers point out that depending on the attitude to-
wards innovation customers need different contacts of the sellers to purchase a new
33 product (Chatzisarantis *et al.*, 2008; Ronis *et al.*, 1989). But Homburg *et al.* (2011)
already stated in the last year the more detailed sales activities regarding different
35 customers' attitudes are, the less successful is the market launch. They found an
inverted U-shaped effect. Here it can be seen that the attitude towards new pro-
37 ducts of a customer, whether the customer is averse or affine towards innovations,
has no noteworthy influence on the relationship between contact intensity and the
39 willingness to adopt.

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