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# SHORT ARGUMENTS FOR SEALS OF APPROVAL AND PORTAL AFFILIATION: BUILDING CONSUMER TRUST IN ONLINE SHOPPING

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## Abstract

*The present study reviews two features that have the potential to increase consumer trust in Internet stores: (1) short arguments that explain the meaning of seals of approval and (2) the establishment of portal affiliation. The present study draws on previous research to argue that the effects of seals of approval on consumer trust are limited if consumers are not familiar with the meanings of the seals, and it proposes that short arguments for the seals can enhance their effects. Drawing from theories concerning stimuli generalization and the primacy effect, the present study attempts to explain conflicting results from previous empirical studies into the effects of portal affiliation on consumer trust. It is hypothesized that the effects of portal affiliation are more profound when consumers arrive at an Internet store via a link from a reputable portal site than when consumers visit the Internet store directly without visiting a portal. A laboratory experiment has been designed to test the effects of short arguments for seals of approval and the effects of portal affiliation.*

**Keywords:** Consumer trust, online shopping, Internet store, seals of approval, third party certification, portal affiliation, trusting beliefs

## Introduction

Given the importance of trust in the context of online shopping, it benefits both consumers and Internet stores to examine features that have the potential to increase trust. Developing from existing literature regarding consumer trust in online shopping, the current study reviews two features that have the potential to increase consumer trust. They are:

- Displaying short arguments explaining the meaning of seals of approval
- Portal affiliation

The research model of this study is illustrated as Figure 1.

## Literature Review

### *Trusting Beliefs*

In Internet shopping environments, trusting beliefs, which have also been referred to as “trustworthiness” by Mayer et al. (1995), are consumers’ perceptions of particular characteristics of Internet stores, including the abilities, the integrity, and the benevolence exhibited by the stores when they handle the consumers’ transactions (McKnight et al. 2002).

- Ability: “a group of skills, competencies, and characteristics that enable a [trustee] to have influence within some specific domain” (Mayer et al. 1995)
- Integrity: “a trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable” (Mayer et al. 1995)

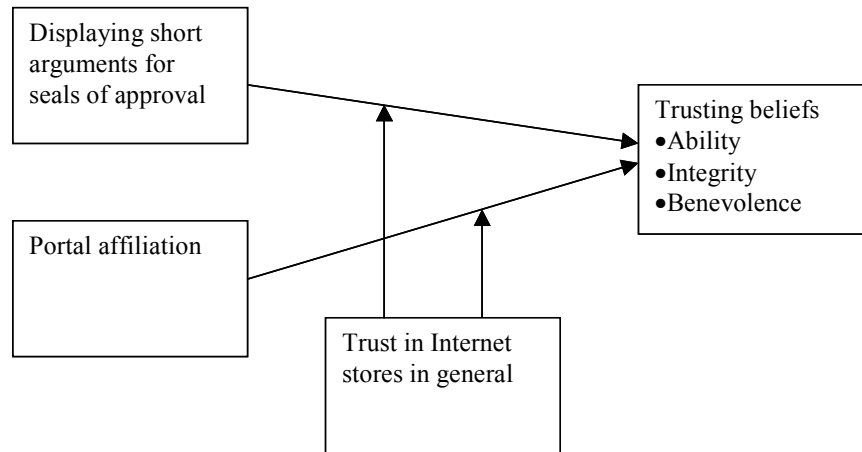


Figure 1. Research Model

- Benevolence: “the extent to which a trustee is believed to want to do good to the trustors, aside from an egocentric profit motive” (Mayer et al. 1995)

The current study analyzes the effects of the two features (portal affiliation and short arguments for seals of approval) on trusting beliefs. The consequences of trusting beliefs (e.g. the positive influence of trusting beliefs upon consumers’ intentions including the intention to complete a transaction with an Internet store) have been well tested in previous empirical studies (Gefen and Straub 1999, and McKnight et al. 2002).

**Trust-Building Features and Strategies**

Kim and Benbasat (2002) have reviewed trust-building strategies and features discussed in a variety of IS (Information Systems) literature, and organized them into four groups (as listed in Table 1). The current study expands two features in Table 1: the use of third party certifications, and the use of trust-transfer techniques.

**Table 1. Trust-Building Strategies and Features in IS Literature**

Groups	Strategy/Features
1. Providing assuring information from others	Third party certification
	Consumer feedbacks
	Reputation
2. Providing assuring information of the store by the store itself	Display store policies
3. Utilizing trust transfer	Links from reputable sites
4. Interaction and cues for simple examinations	Excellence in interacting with customers Provide cues for simple examinations

**Trust in Internet Stores in General**

Institution-based trust, defined as “perception of the Internet environment” by McKnight et al. (2002), has a noticeable effect on trusting beliefs. *Trust in Internet stores in general* can be considered as a kind of institution-based trust, because it does not refer to perceptions of a specific store, but rather deals with the broader Internet environment. Lim et al. (2001) have used this construct as a moderator because it differs between individuals.

## Hypothesis Development

### *Displaying Short Arguments for Seals of Approval*

According to hypotheses proposed by McKnight and Chervany (2001), third party seals like TRUSTe, BBB, and WebTrust increase trusting beliefs, and the consequent influence on trusting beliefs depends on the nature of the seal. Tests of conditions under which the WebTrust assurance seal is effective in influencing expectations for online transactions and intentions to purchase online have revealed that consumers who pay attention to the seals (e.g. by viewing or selecting the seal to access more information), who are exposed to advertisements about the seal, or who are knowledgeable about the Certified Public Accountant(CPA) designation have tended to show higher expectations for online transactions than those expressed by other consumers (Kovar et al. 2000). Similarly, Kimery and McCord (2002) have also performed a pilot study regarding the effects of third party assurances on trust in online retailing (notably VeriSign, TRUSTe, and BBB). However, contrary to Kovar et al.'s results (2000), the more recent study reports an insignificant relationship between attention to the third party seal and consumer trust. Instead, Kimery and McCord suggest that significant associations may not be developed because over 71 percent of the respondents had never seen the assurance seals before participating in the study.

Findings from Cheskin Research and Studio Archetype/Sapient (1999) can help to explain Kimery and McCord's results. The study has reported that third party certification symbols like TRUSTe, BBBonline, and VeriSign can be effective in increasing trust; however, the effect is more profound for respondents who have a previous familiarity with the meaning of the symbols. In effect, third party certifications can influence trusting beliefs and intentions, but the effects vary depending on consumers' familiarity with the seals and the attention consumers devote to the seals.

In application, detailed explanations about seals can often be accessed if consumers select the applicable icon on a website. However, according to a review by Gregor and Benbasat (1999), people do not make cognitive efforts (e.g. the effort to select the symbols) unless they have specific reasons to make them. When individuals do not know the meaning of a symbol, they may not have a reason to select it. If a short argument is presented near the symbol to explain the meaning of the seal of approval, it can increase consumers' understanding of the meaning of the seal. For example, if an Internet store displays the TRUSTe symbol, the possible argument may be:

*We are a certified member of TRUSTe, so you can be assured that an outside organization oversees our compliance with established privacy policies. The TRUSTe membership is awarded only to sites that agree to comply with ongoing monitoring by TRUSTe, an independent, non-profit privacy organization dedicated to building users' trust and confidence on the Internet.*

If more consumers understand the meaning of the seals of approval when they have read the short arguments, it is more likely that they will be influenced by the seal, and their trusting beliefs in an Internet store will be increased. Considering that about 48 percent of respondents to a recent survey have not been aware of the meaning of the third party seals (Head and Hassanein, forthcoming), this feature is expected to increase the effects of the third party certifications on consumer trusting beliefs in an Internet store. Therefore the following can be predicted:

**H1:** Displaying a short argument near the seals of approval will positively influence consumers' trusting beliefs in an Internet store.

### *Portal Affiliation*

One of the key decisions that a newly established online store needs to make is whether to open its store as a merchant affiliated with a reputable portal or as an independent store. If a store begins doing business as a merchant in a portal, the portal site presents a hyperlink through which consumers can reach the merchant website.

Previous studies have reported contradictory findings about portal affiliation. Stewart (2003) has examined the effects on trust-transfer of evidence of a tie between parties, and he has tested whether consumer trust in an unknown store is positively influenced when consumers visit an unknown Internet store by selecting a hyperlink provided at a trusted site (e.g. a computing magazine site). The study concludes that the hyperlink can have significant results. In contrast, a separate test of portal affiliation strategies that asked participants to evaluate a website with a Yahoo logo and text indicating an affiliation to Yahoo on the top of every screen found that the effects of portal affiliation are insignificant (Lim et al. 2001). Although the first of these two studies has

indicated a significant result, the applicability of its findings to the issue of portals is questionable because the study uses a neutral magazine site as its trustable site, while reputable portals are not always neutral. Indeed, another study has reported that commercial considerations can undermine the credibility of a website (Fogg et al. 2001).

According to stimulus generalization processes (Solomon et al. 2002, pp. 82-85), people tend to react similarly toward a given stimulus as they react toward other similar or related stimuli. Associations between reputable portals and unknown stores imply that they share something common; hence people are likely to assume that the unknown stores are more similar to reputable portals with the association than without the association. Hence association with a reputable portal site leads people to generate favorable reactions toward an unknown site, similar to their reactions to the reputable portals.

Furthermore, the primacy effect (Asch 1946) suggests that the sequence of visits to each of multiple linked websites matters. If people visit a reputable portal site first and then visit an unknown store by clicking a link at the portal site, a positive perception is generated due to the association with the reputable portal and the related early introductory information that people receive regarding the store. According to Asch (1946), early information is more important in forming an impression of a store (i.e. primacy effect) because people tend to understand new information based on old information. Therefore, the effects of portal affiliation are expected to be more significant if people visit portal sites first and then visit unknown stores via links at the portal, than if the consumers are only made aware of the affiliation through banners or logos on the unknown store site.

In these regards, it can be hypothesized that having an affiliation with and a hyperlink from a reputable portal may increase consumers' trust in an unknown merchant.

**H2:** Affiliation with a reputable portal increases consumers' trusting beliefs in Internet stores.

This hypothesis is equivalent to one tested by Lim et al (2001), with the difference that, to test it, participants in a treatment group will see a reputable portal site first and then visit a test site by clicking a hyperlink at the reputable portal site.

## Research Method

The effectiveness of short arguments and portal affiliations can be tested using a laboratory experiment. A 2 (Displaying a short argument: Yes / No) by 2 (Portal affiliation: Yes / No) between subjects will be used. The task of the participants will be to evaluate an Internet store. In the case of portal affiliation conditions, subjects will first visit a portal site screen (e.g. a screen from Yahoo Shopping, modified by the addition of a link to an experimental site) and then visit an unknown store (e.g. a fictitious experimental site) by selecting the link in the portal site.

- **Independent variables:** The presentation of a short argument and the presence of portal affiliation are independent variables, which are manipulated as website features.
- **Dependent variables:** Trusting beliefs in Internet stores are dependent variables. McKnight et al.'s (2002) measures will be adapted as trusting beliefs for the current experiment.
- **Control variable:** Trust in Internet stores in general is a control variable, using a measure adapted from Lim et al. (2001).

## Expected Contribution

Internet stores that are newly established have no reputation. This study proposes two features that can be used in small and intermediate Internet stores to increase consumer trust. This study is expected to contribute to an expansion upon McKnight and Chervany's (2001) model of trust by adding two more web interventions that have potential to increase consumers' trusting beliefs.

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