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Allen C. Johnston  
[acj4@msstate.edu](mailto:acj4@msstate.edu)

Merrill Warkentin

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# THE ONLINE CONSUMER TRUST CONSTRUCT: A WEB MERCHANT PRACTITIONER PERSPECTIVE

**Allen C. Johnston**

Mississippi State University  
acj4@msstate.edu

**Merrill Warkentin**

Mississippi State University  
mwarkentin@cobilan.msstate.edu

## Abstract

*If companies are to enjoy long-term success in the Internet marketplace, they must effectively manage the complex, multidimensional process of building online consumer trust. eMerchants must understand the characteristics of web interfaces, policies, and procedures that promote trust and enact this knowledge in the form of specific trust-building mechanisms. Therefore, eMerchants must exercise a variety of trust-building techniques in the design of their online consumer interface as well as the principles upon which they operate. In doing so, eMerchants look to a variety of sources, outside the discussions available in academic literature, which influence and govern their perception of online consumer trust development. The purpose of this paper is to identify these sources and leverage the theoretical framework of previous academic literature by incorporating these practitioner sources into a framework from which future research efforts of online consumer trust can be based.*

## Introduction

Trust can be defined as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis & Schoorman, 1995, p. 712). Online trust simply refers to trust in a virtual environment. Trust exists in many forms, across multiple domains, and at a variety of levels (McKnight, Choudhury & Kacmar, 2002). Ultimately, for merchants to enjoy long-term success in the Internet marketplace, they must effectively manage the processes which promote online consumer trust (Keen, 1997). In a dyadic relationship, trust in the other person (in conjunction with perceived situational risk) moderates risk behavior (Mayer et al., 1995). Variables such as uncertainty, dependability and vulnerability create barriers to trust (Bradach & Eccles, 1989). These impediments, while initially strong, are manageable provided both parties recognize the importance of trust and take the appropriate steps to nurture it. The characteristics of the trust dynamic are not tied to a specific form of relationship. Exchange relationships exhibit these same qualities, and when applied within a virtual environment, take on additional challenges (Jarvenpaa, Tractinsky & Vitale, 2000).

Much literature has been devoted to the investigation of antecedents of online trust; however, much of this discussion has been oriented toward the consumer perspective (Shankar, Urban & Sultan, 2002). Electronic merchants or “eMerchants” are not expected to be well versed in the research issues addressed in academic journals.

**Keywords:** Trust, Consumer, eMerchant, Influence

The preponderance of the information utilized in the field originates from trade journals, discussions with other eMerchants (peer web sites), vendors, and self-training (Benamati & Lederer, 2001). Additionally, eMerchants are influenced by practical books, electronic store (e-store) hosts’ guidelines, and past experiences. As such, there may be gaps or differences in the beliefs of academicians and practitioners when it comes to developing trust between the eMerchant and consumer.

This manuscript develops a framework that posits the sources that influence and govern eMerchant perceptions regarding online consumer trust development. Hopefully, this discussion will guide future research into consumer-eMerchant relationships.

## Conceptual Framework

A review of the academic literature shows that specific trust-building website attributes have emerged from broad antecedents of trust (Bhattacharjee, 2002; Dayal, Landesberg & Zeisser, 1999; Jarvenpaa et al., 2000; Shim, Shin & Nottingham, 2002; Yoon, 2002). Mayer et al. (1995) found that in a dyadic relationship, there are three critical attributes that the trustee must possess to engender trust: ability, integrity, and benevolence. These independent factors, together with the trustor's inherent propensity to trust, form an environment in which trust is developed. This model of trust has been proven applicable to the consumer and merchant online shopping relationship (Bhattacharjee, 2002; Jarvenpaa et al., 2000). In the eCommerce domain, the merchant is the trustee and must promote the characteristics of ability, integrity, and benevolence. The merchant must take the initiative to establish trust in the relationship (Whitener, Brodt & Korsgaard, 1998). The merchant must be perceived to conduct itself skillfully and competently, with the intention to do good to the consumer and to do so in a manner that is consistent with the desires of the trustor (Ridings, Gefen & Arinze, 2002). eMerchants must advance these factors of trustworthiness through proven positive methods of reinforcement. Specifically, they must understand the antecedents of trust and implement this knowledge in the form of specific trust-building mechanisms (Yoon, 2002).

The discussions in academic literature regarding trust antecedents represent a layering of ideas and perceptions. Table 1 provides a brief description of a few of the numerous works relating to online consumer trust. The contributions of the studies range from models that attempt to capture the essence of online consumer trust development (Kim & Benbasat, 2003; Shankar et al., 2002; Yoon, 2002) to lists of trust elements necessary for successful online consumer trust building (Cheskin, 1999; Dayal et al., 1999; Hoffman, Novak & Peralta, 1999; Jarvenpaa et al., 2000; Palmer, Bailey & Faraj, 2000; Shim et al., 2002; Smith, Bailey & Brynjolfsson, 2000). As new studies emerge, they will build upon the considerable findings presently available, increase the depth of the discussion, and provide value to the academic community.

An interesting question is whether practitioner sources adequately mirror the discussions of online consumer trust development found in the academic literature. A review of leading trade journals, as well as other relevant practitioner sources, found that, while the preponderance of the writings serve to develop a sense of urgency for cultivating trust, specific references of trust antecedents are sufficiently present (Brannigan & Jager, 2003; Brown, 2001; Connolly, 2000; Fonseca & McCarthy, 2003; Keen, 1997; Keen, 2000; Monica, 2000).

**Table 1. Description of selected academic works**

Study	Topic	Method	Contribution
Cheskin/Sapient Report (1999)	Web merchant antecedents of trust	Field Study (implied)	Established six mechanisms for building web merchant trustworthiness
Dayal et al. (1999)	Website trust building components	Qualitative (implied)	Established six elements and four stages of trust building
Hoffman et al. (1999)	Privacy of consumer online information	Survey	Explored issues of consumer control over personal information in an online exchange relationship

**Table 1. Description of selected academic works (continued)**

Study	Topic	Method	Contribution
Jarvenpaa et al. (2000)	Consumer trust in an Internet store	Field Experiment	Examined intermediary strategies to develop trust in websites

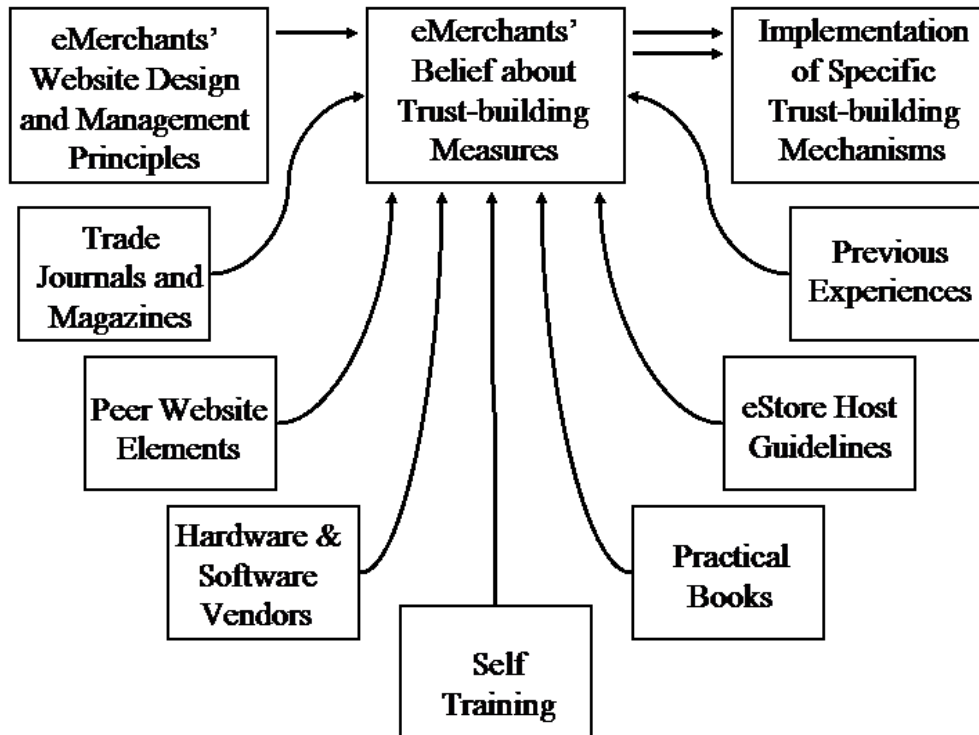
Palmer et al. (2000)	Use of intermediaries in developing trust	Secondary data	Examined relationship perspective of B2C eCommerce
Smith et al. (2000)	eCommerce developments	Qualitative research	Reviewed and accessed eCommerce developments
Bhattacharjee et al. (2002)	Trust scale	Survey	Proposed a scale to measure individual trust in online firms
Belanger et al. (2002)	The role of privacy, security, and site attributes in eCommerce	Survey	Examined the role of security, privacy, trustworthiness and other site attributes in B2C eCommerce
McKnight et al. (2001)	Trust typology	Literature analysis	Developed a typology of interdisciplinary trust
McKnight et al. (2002)	Trust scale	Experiment	Developed an instrument to measure a cross-disciplinary typology of trust constructs
Ridings et al. (2002)	Trust in virtual communities	Survey	Demonstrated trust as a moderator for information exchange
Shankar et al. (2002)	Online trust	Literature analysis	Proposed a model for understanding antecedents and consequences of online trust
Shim et al. (2002)	Web retailer presentation	Qualitative research	Investigated web factors that influence consumer purchase decisions
Yoon et al. (2002)	Antecedents and consequences of consumer trust	Survey	Presented a model of consumer online-purchase decision making
Gefen et al. (2003)	Effect of social presence on consumer trust	Experiment	Determined that social presence impacts consumer trust
Gefen et al. (2003)	TAM and trust in e-vendor – consumer relationship	Experiment	Found that repeat customers have different perceptions of trust than new customers
Kim et al. (2003)	Trust arguments in Internet stores	Literature analysis/Survey	Developed a framework that identifies and categorizes key trust related issues

## Research Model

To manage their eCommerce activities and resources in a manner that fosters trust, acceptance, and ultimately purchase decisions, eMerchants must actively explore knowledge sources that articulate the trust-building methods in ways that are relevant to their needs. Beyond the academic literature, there are numerous sources available to eMerchants that describe methods for building trust in an Internet store. As depicted in Figure 1, these sources not only serve to inform eMerchants, but also influence their actions for addressing online consumer trust development. For example, eMerchants can look to e-store hosts such as Yahoo, eBay, Amazon, and others for advice. These web store hosts are able to provide merchants with guidance pertaining to all aspects of an e-commerce operation. Also, there are many trade journals, magazines, and practical books that guide e-store development efforts (Brannigan et al., 2003; Brown, 2001; Connolly, 2000; Fonseca et al., 2003; Keen, 1997; Keen, 2000; Monica, 2000; Turban, King, Lee & Viehland, 2003; Vulkan, 2003). eMerchants may also draw upon their previous experiences as well as those of their peers, self-training opportunities, and relationships with hardware and software vendors. The final elements of influence are the eMerchants' website design and management principles which

serve as templates for site development. These principles are grounded in the culture and philosophies of the business and dictate certain specific web design elements. For example, eMerchants will chose to display their familiar store colors, logos, and trademarks on their web interface.

Figure 1. Influence model for eMerchant trust beliefs



Clearly, it is a confluence of sources that shape the perceptions of eMerchants with regard to online consumer trust development. What is not so clear is the degree to which each element of influence has an impact on the beliefs and subsequent actions of the eMerchant. In other words, what are the sources that eMerchants rely on most and which sources actually provide the most influence?

## Summary

The failure to develop the consumer's trust has been identified as a substantial impediment for maintaining long-term eCommerce success. eMerchants are exposed to an abundance of information and a wide variety of influences which govern their perceptions of online consumer trust development. eMerchant successes in addressing this issue can be attributed to how effectively the eMerchant interprets and applies this information, and to how effectively he/she incorporates the right strategies and tactics embodied in that information. This paper develops a framework of sources (including trade magazines, journals, storefront hosts, and others) which influence eMerchants. This framework, to be expanded in future research efforts, can provide a foundation for evaluating specific websites and to evaluate industry segments (or product categories) with regard to their incorporation of trust-building mechanisms and strategies. Future research will expand this framework with an extended review of research and practical literature, and will explore various research questions empirically.

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