

Chapter VII

Trust in E-Commerce: Risk and Trust Building

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ABSTRACT

This chapter examines the importance of trust in business-to-consumer e-commerce. The author explores the issue of trust in the development and implementation of e-commerce and focuses on the context and role of users and consumers in transactions. The author contends that trust is more than a technical consideration and emphasizes the non-technical components such as community, identity, and experiences and their relevance to e-commerce. Despite the growing ubiquity of e-commerce, analysts and commentators continue to draw our attention to the issue of trust in e-commerce transactions. In particular, stories of “hacking,” “phishing,” and illegitimate online transactions have been an on-going public and private concern. These breaches are seen as cyber crimes and detrimental to the development of an efficient and effective business practice. Resolving these breaches are costly; businesses have to outlay financial resources not only to fix the breaches but, in the eyes of their clients, such breaches call into question the efficacy, integrity,

and security of these businesses, creating both disquiet and a potential shift to alternative providers. For individuals, it boils down to an invasion of privacy and a lack of trust in the integrity of business systems and practices. This chapter examines the critical import of trust in business-to-consumer e-commerce. The chapter begins by exploring the issue of trust in the development and implementation of e-commerce; in particular, it focuses on the context and the central role of users and consumers in the transaction process. I argue that this development is an evolutionary one congruent with increasing complexities and the shift towards a risk society. The author argues that there is a growing virtualization of social life and that this virtualization plays an important role in our everyday lives. In particular, it transforms our views of agency, interactionism and community, generating both new identities and new possible spheres of autonomous action. Businesses have cashed in on these developments and sought to provide users with choices and ease of use, contributing to a pervasive and critical reception to e-commerce business practices. Via their Web

sites and information conveyed, we learn to trust the information we receive. As such, we tend to equate trust with information. Trust becomes no more than a technical consideration. However, trust is and cannot simply be reducible to information. Its nontechnical components—the issues of community, identity and experiences—are critically important. As such, I seek to examine these issues in this chapter and their relationships to the building of trust and consequently, their relevance to e-commerce.

INTRODUCTION

E-commerce has become ubiquitous and according to some, will be a high trust community (Davidson & Rees-Mogg, 1997, p. 371). Yet, numerous studies point out that obstacles remain in the uptake of e-commerce for many consumers. One of the reasons was identified by Hoffman, Novak, and Paralta (1999): the fundamental lack of faith between most businesses and consumers remain a key consideration for many. Frauds, on-line scams, hacking and phishing are common occurrences and the everyday consumer is increasingly concerned over breaches of privacy and security. In their study of “Consumer Reactions to Electronic Shopping,” Jarvenpaa and Todd (1997) found concerns with risk, both personal and performance, were recorded by over 50% of Web shoppers. On the other hand, Cheskin Research (1999) found that only 10% of participants in their survey on e-commerce usage considered little or no risk when purchasing on the Web. Clearly, there are significant differences in views. In e-commerce, critical and vital information essential for effecting transactions is carried from site to site.

Increasingly, there are concerns over security breaches and the misuse of data. For the consumer, companies that profess to be reliable and dependable can appear and disappear in an instant, jeopardizing many of their personal and economic details. Industry sources have, however,

claimed that the rapid technological evolution of the Internet as a medium for social intercourse and commerce will in itself deliver new solutions and in the process offer new possibilities and context for trust creation and maintenance mechanisms (Bhimani, 1996). Such a technologically determinist viewpoint is indeed common and suggests that through the use of, and exposure to, these new technologies, users will adopt new forms of behavior explicitly linked to the technology itself. Further, it suggests that these forms of behavior will be novel—they neither grow out of, nor bear any relation to, users’ everyday actions, experiences, or routine practices. It implies that there is a special and new category of human behavior which will come into being and is substantially different from the everyday systems of trust that we use to routinely order our behavior. However, it is posited that such a viewpoint is unsustainable and patently inaccurate. Instead, the chapter suggests that a more considered approach to the understanding of trust and the ways in which it affects people’s e-commerce practices (and also their decision not to practise) is needed if we are to understand and further develop e-commerce.

First, the chapter examines how the notion of trust can be applied to consumer e-commerce, exploring the ways in which trust is relevant and applied by users engaging in shopping transactions. The chapter then draws on previous sociological research on trust, interaction, and everyday experiences, particularly in trying to show that trust is best understood as a non-technical or deterministic process. The chapter demonstrates how users approaching e-commerce bring with them previous experiences of trust and apply them to the new computer-mediated situations rather than being merely acted upon in e-commerce systems that affect their preferred actions and responses. The chapter then examines five areas at which interactions and e-commerce systems intersect and argue that these areas are critical for those building, managing and maintaining e-commerce projects and strategies.

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