Chapter 2

LITERATURE REVIEW

This chapter covers the previous studies undertaken by various researchers on consumer perception, understanding consumer trust (CT), factors building trust (with special reference to online companies), customer satisfaction (CS) and relationship between CT & CS. The detailed organization of the chapter is as follows:

2.1 Customer Perception: Importance
   2.1.1 Shopping Orientations
   2.1.2 Attitude towards Online Shopping
   2.1.3 Perceived Risk of Shopping Online

2.2 Understanding Consumer Trust
   2.2.1 Characteristics of Trust
   2.2.2 Online Consumer Trust
   2.2.3 Models and Components of Online Consumer Trust
   2.2.4 Trust Building Factors
   2.2.5 Factors That Build Trust in Online Companies
   2.2.6 Consumer Trust & E-Tourism
   2.2.7 Consumer Trust & Its Antecedents
   2.2.8 Importance of Trust

2.3 Customer Satisfaction

2.4 Consumer Trust & Customer Satisfaction

References
There is plenty of literature that emphasizes the significance of consumer perceptions to have a better understanding about the customers in order to retain them with the company. An extensive review of literature has been done to understand the earlier researches and their importance in the present study. Following are the excerpts from some of the prominent and landmark researches:

2.1 CUSTOMER PERCEPTION: IMPORTANCE

It is highly important for a company to understand customer’s perception as unless the company is clear as to how their customers perceive them, it becomes really tough for the company to excel in their business. Relevance of the same can be studied in the following reviews of previous researches:

Bajs (2011) propounded that perception of value is governed not only by perceived quality and costs but also by the product and service attributes. And, from among a whole set of different attributes, customer evaluates only a few of them. This lays stress on highlighting and defining the most significant attributes for evaluating customer’s perception. Since, the people’s perceptions are different and totally subjective, researcher tried to select those attributes which are relevant to most of the customers and can ultimately create competitive advantage for the companies.

Najdic (2011) assessed in detail the tourists’ decision process regarding their holiday destination. Empirical Research was undertaken that combined the concepts; destination loyalty and psychology of the consumers in tourism, to find the relationships between them. Results of this study helped in enhancing the effectiveness and efficiency of management in tourism sector by focusing on perceptions and motivations that give better understanding on consumers’ perspective.

Kim, Park and Schwarz (2010) undertook a research on how the consumer evaluates the product via considering their emotions. It is so because mostly the decisions are based on hedonic predictions – will it be good for me to do this? They detailed that products making emotional claims may focus on hedonic predictions on the experiences brought to mind by the product claims – will the product make me feel the way it promises? Therefore, marketers can facilitate the impression that the
product will deliver on its promises i.e. matching the product’s claims with those of consumers’ preexisting feelings.

Hallem and Barth (2011) investigated on the dimensions of customer-perceived value in the context of medical tourism especially in context on use of internet. They raised a point that managers should not overlook the importance of internet in delivering medical tourism services as the patients are only able to see the doctor once they reach Tunisia for the treatment. The major objective of the research, as highlighted by researchers was to better understand the needs of medical tourists and thus better guide their choices and marketing decisions.

Nysveen, Methlie and Pedersen (2003) presented a report on the value added services offered by tourism websites and which of those are important for the customers. The variables under study included: Aggregation, Integration, Community, Search Engine, Personalization, Pricing and Trust. The results indicated that out of these seven variables; search engines, service integration and personalization are the most preferred by the customers. They agreed to that study of customer preferences are of vital significance for deriving satisfaction and long term association with website.

Lexhagen (2005) explained reasons for the online tourism industry’s market slower than expected growth rate. The research work is oriented towards the consumer’s perception about value added services in their purchase process. Researcher selected 18 variables related to contact, search engine, multimedia, links, community, map, FAQ, Languages, Booking, etc. The conceptual model developed included three phases: I-S search & Evaluation, II-Purchase and III-Post Consumption. Customers perceived that most value added services should be a part of Phase I & II and least preference was given to phase III.

Shim et al. (2001) identified the importance of customer’s intention to search the internet for product information. It is a key element for marketing researchers in predicting consumers’ internet purchasing intentions. Results revealed that an intention to search internet for product information leads to an intention to purchase through the same medium; hence it should be considered important. It also exposed that intention to use internet for product information search acts as a central mechanism through which consumer characteristics affect higher-order decision making goals.
2.1.1 SHOPPING ORIENTATIONS

Shopping orientations are related to general predisposition toward acts of shopping. They are conceptualised as a specific dimension of lifestyle and are operationalized on the basis of activities, interests and opinion statements pertaining to acts of shopping (Li et al., 2006). Classification of the consumers on the basis of acts of shopping is useful for the companies to target the consumers. Many research works have been undertaken by various researchers to identify the shopping orientations of consumers. Following are the briefings of such research works.

As identified by Stone (1954), there are four types of shopping orientations namely: economic, personalizing, ethical and apathetic whereas Korgaonkar (1981) examined six groups of shoppers: recreational shopper, brand-loyal shopper, store-loyal shopper, price-oriented shopper, psych-socializing shopper and time-oriented shopper.

Lumpkin (1985) in his research work studied elderly customers and identified three different segments – uninvolved shopper, inflation – conscious shopper and actively, highly involved shopper.

Some specific researches were also conducted for specified products like that undertaken by Furse et al. (1982) for automobiles. They developed four types of shopper typologies namely constructive shoppers (who work hard for gathering information), surrogate shoppers (depend heavily on others for information search), preparatory shoppers (depend more on others reviews) and routinized shoppers (spend relatively less time on information search but exhibit brand loyalty).

Apart from these offline stores, surveys were also conducted to analyze shoppers’ orientations for online stores. Findings are mixed regarding consumer characteristics. An examination revealed that the shoppers are younger, venturesome and recreational; while others consider them to be thrifty innovators and focusing on time management.

But, the fact is online stores also attract a set of customers with certain common attributes. Likewise, a study conducted by Greenfield Online (1999) identified that convenience and time saving feature of internet has motivated a certain set of customers to prefer online shopping than in-store shopping. Also the customers
responded that malls allow them to see, feel, touch and try on the products before they buy them. This means that those consumers who prefer experiencing products are less likely to buy online.

Also, Alba et al. (1997) stated that new entrants in the electronic commerce have adopted a policy to attract customers and build a brand name to earn long-term profits rather than focusing on short-term gains. That is, some customers may also go for online shopping due to reasonable prices offered by them.

2.1.2 ATTITUDE TOWARDS ONLINE SHOPPING

Online shopping has its own features and also attracts a certain set of customers. To understand the customer psychology is important for analyzing the target audience for these online companies. Positive attitude towards a particular thing can attract attention towards the same while negative attitude on the other hand can lead to avoidance of that thing.

Consumers who are more net savvy and have a good amount of exposure to internet can be more prone to online shopping. As stated by Fishbein & Ajzen (1975), study of attitude towards online shopping is significant to understand the characteristics of an online consumer. This argument was further supported by Chen (2006).

2.1.3 PERCEIVED RISK OF SHOPPING ONLINE

Risk is one important parameter which arouses or leads to avoidance of an action. When a person perceives risk in certain phenomenon, they not only avoid themselves, but they also motivate others to do the same. As considered by Shim et al. (2001), perceived risk of shopping online must be evaluated in context of past purchase experience with non traditional means.

This concept is an important criterion to analyze the customers’ acceptability to online shopping in general. It will help the companies to identify the loopholes of why the consumers prefer online shopping less than the other mode of shopping.

2.2 UNDERSTANDING CONSUMER TRUST

The term “Trust” can be defined as, ‘confidence in or reliance on some quality or attribute of a person or thing, or the truth in a statement’ (Furman, 2009). It is
complex and difficult to define precisely the features encompassing trust. Generally, trust builds overtime, on the basis of previous interactions or transactions undertaken. Transactions on a continuous basis help people in acquiring beliefs concerning the party like that of ability, integrity, etc. which ultimately affect their trust in the party (Giffin, 1967).

Trust can also 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 et al., 1995). ‘Trust can also be considered as an expectation set within particular contextual parameters and constraints’ (Lewis & Weigert, 1985).

2.2.1 CHARACTERISTICS OF TRUST

The concept of Trust can be made clearer by understanding the characteristics of trust. As elaborated trust can be characterized as:

- Involvement of two parties: A trustor and a trustee.
- Vulnerability: Its requirement arises in an uncertain and risky environment.
- Produced Actions: Trust leads to actions which are mostly risk taking behaviours.
- Subjective Matter: It is affected by individual differences and situational factors.

2.2.2 ONLINE CONSUMER TRUST

Businesses entering the virtual world are based on one firm standing namely online trust. Whichever business the company is involved in, it needs the support of its users in the form of trust. E-commerce relationships are directly dependent on trust whereas lack of trust has been identified as one of the biggest hurdles for its success. Hence, it can be stated that trust is a fundamental principle of every relationship (Corbitt et al., 2003).

A consumer is more likely to start or continue using a website if it meets their needs. Service providers or developers cannot rely on offering the best product or a service and ignore privacy issues (Savage, 2012). As consumers inevitably become as savvy
with the online services as they are with traditional products and services, being a trustworthy brand will become more important.

“The ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust” (Hiscock, 2001). Online trust is an important aspect for an online business company because its absence can not only harm the customer loyalty thereby increasing customers’ switching towards other brands, but also can lead to dissemination of incorrect/ incomplete information.

### 2.2.3 MODELS AND COMPONENTS OF ONLINE CONSUMER TRUST

Various authors and researchers have proposed models of consumer trust which include a wide range of factors. Selected models are reviewed below.

Harrison et al (2002) drew attention to build consumer trust by signifying its role in influencing consumer intentions to transact with unfamiliar vendors via web. They defined trust in the vendor as a multi-dimensional construct with two inter-related components – trusting beliefs and trusting intentions. Three factors were identified to build consumer trust in the web vendor. The factors were:

- Structural Assurance: Consumer perceptions of safety of the web environment.
- Perceived web vendor reputation.
- Perceived website quality.

They suggested that these factors are powerful levers that vendors can use to build consumer trust, which can help in overcoming the negative perceptions people often have about safety of web environment.

Hee-Woong et al (2004) identified the distinguishing factors for building trust in potential and repeat customers. The results revealed that in the case of potential customers, reputation and information quality are found to be significant to trust. On the other hand, for repeat customers, reputation, information quality, service level and customer satisfaction are found significant to trust. Moreover, in both customer
groups, there is no significant relationship between demographic variables (age, gender, internet experience and purchase experience) with trust.

Trust being identified as the most crucial factor for electronic business adoption, Delina & Drab (2010) identified various mechanisms determining the trust building on the electronic business platforms. Results revealed that for the initial phase of e-marketplace project, services should be simpler to generate trust. Limited services are provided at low fee or completely free of charge.

Meng-Hsiang et al (2010) suggested that knowledge growth, perceived responsiveness, shared vision and knowledge quality help in the development of trust in virtual communities (VC). The study also confirmed that if the members believe that knowledge embedded in virtual community is relevant, timeless, comprehensible and complete, they may tend to trust information systems of VCs.

Zhou & Tian (2010) suggested that all those who had never purchased online generally held lower general trust in online purchase than those consumers who had already conducted their first online purchase. Furthermore, security is perceived to be the most significant predictor of initial trust in an online vendor for those who have not yet purchased online even once and those who have purchased even once, the most influential factor is reference power. Hence, in an online business, word of mouth publicity has great significance.

Hung et al (2012) re-examined the factors of building consumer trust to build a relationship between customers’ perceived waiting and repurchase intention. They identified three constructing factors of trust namely:

- Ability
- Integrity
- Benevolence

They concluded that the most influential factor in consumer trust was security of the online business information system followed by maintaining privacy and third party guarantees & recommendations. Another important finding included that perceived waiting may harm the trust in an online business.
Wang et al (2013) explored a model for verifying interactivity antecedents to trust and its impact on member stickiness behaviour. They suggested that connectedness and reciprocity are significant antecedents to trust in members while responsiveness and active control are important antecedents to trust in systems. Moreover, trust also influences on the members’ duration and retention with the website.

2.2.4 TRUST BUILDING FACTORS

Trust is a key success factor for any and every business concern. Trust is multifaceted and wide-ranging phenomenon that cuts across many social science disciplines, from philosophy to economics (Orderud, 2007). It is linked to the interaction among individuals varying according to the personal characteristics and social environment.

Trust has been featured in a number of national and international studies. Many of these studies have generally considered two key components of trust – a cognitive component, based on confidence in the reliability of the partner, and a behavioural component, based on confidence in the intentions, motivations, honesty or benevolence of a partner (Moorman, Deshpande & Zaltman, 1993; Ring & Van De Ven, 1992).

Sanchez de Pablo Gonzalez del Campo et al. (2014) in their research work identified partner’s reputation and prior partnering experience as crucial factors that contribute towards trust building. Relational variables i.e. commitment and trust are influenced by various firm and interpersonal factors (Ahmed, 2010). The results revealed that building, protecting and communicating a positive reputation and ensuring strong marketing competencies are important for building contractual and competence trust. As stated by Scott and Storper (2003) interaction, both formal and informal, builds trust and reputation effects.

When rules and customs are insufficient, people rely on trust and familiarity as primary mechanisms to reduce social uncertainty (Gefen and Straub, 2004). The relative paucity of regulations and customs on the internet makes consumer familiarity and trust especially important in the case of e-commerce. Lack of an interpersonal exchange and one-time nature of typical business transaction on internet make this kind of consumer trust unique, as trust is dependent on other people and is nourished through interactions with them.
Trust is an integral part of the industrial selling process. Swan et al. (1988) investigated on the conceptualization of trust in an industrial sales setting. Trust components approach to the measurement of trust was used to identify the relevant dimensions that a salesperson could develop to be considered “trustworthy” by the buyer. They concluded that overall trust is significantly related to the assumed trust components – dependable, reliable, honest, responsible and likeable.

Sanghyun and Mi-Jin (2012) investigated the effects of various antecedents of trust in Social commerce namely: reputation, size, information quality and communication on consumers’ trust. The results provide strong support for all these four variables thereby indicating their crucial role in building consumers’ trust in the firm. Consumers depend on the s-commerce firms suggesting that online consumers understand that purchasing products or services online entail a higher level of risk than offline purchases because of the anonymity of the online environment. In a way, they try to avoid potential risks like fraud and no delivery.

Trust as described by Lewicki et al (2003) “an individual’s belief in, and willingness to act on the basis of, the words, actions and decisions of another.” They asserted that trusting another individual can be grounded in the person’s his/her ability (competency), integrity (adherence of principles by trustees) and benevolence (honest and open communication). That is, more presence of these characteristics in the trustees, more will be the level of trust. They also indicated different levels of trust from: calculus-based trust to identification-based trust. Companies can strengthen their customers’ trust by performing competently, establishing consistency and predictability, communicating accurately, openly & transparently, sharing & delegating control and showing concern for others.

In short, trust is characterized by:

1. Dependability
2. Reliability of information
3. Responsibility in using the information
4. Ability
5. Integrity
6. Benevolence
2.2.5 FACTORS THAT BUILD TRUST IN ONLINE COMPANIES

Online transactions are not only characterized by uncertainty, but also by anonymity, lack of control, making risk, etc. In short, buying on the internet presents numerous risks for consumers over and above the transaction process itself being perceived as risky (Grabner-Krauter and Kaluscha, 2003). Since the online consumer cannot personally inspect products or services and does not even know what the retailer will do with the personal information that is collected during the shopping process. Hence, online environment includes several distinct factors that influence brand trust (Hong-Youl, 2004). Accordingly, brand trust is affected by the following web purchase-related factors namely: security, privacy, brand name, word-of-mouth, good online experience and quality of information. Moreover, building e-brand trust requires a systematic relationship between a consumer and a particular web brand.

One of the major factors that can have an adverse impact on consumer’s willingness to purchase online is increasing consumer’s privacy concern (Brown et al., 2007). Three aspects that have received attention from researchers are: unauthorized secondary use of data, invasion of privacy and errors. The research revealed that although the consumers are concerned with the aspect of privacy, it did not have any direct bearing on their propensity to purchase from travel websites.

Consumer trust in an internet vendor is an issue commanding more and more attention (Chen and Dhillon, 2003). Trust is an especially important factor under conditions of uncertainty and risk and Online purchasing transactions involve more uncertainty and risk than traditional shopping (Mathew and Turban, 2001). They developed a research model presenting major relationships between consumer trust in e-commerce and four major potential antecedents namely: trustworthiness of the Internet merchant, trustworthiness of internet shopping medium, infrastructural factors and other factors.

Moreover, there are several important motivating factors that motivate the consumers to purchase online. Consumer’s intention to search internet for product information is a key element for marketing researchers in predicting consumers’ internet purchasing intentions (Shim et al., 2004). The biggest problem faced by e-commerce owners is the trust deficit by visitors to the site (Ron, 2011). He emphasized on the fact that most of the website companies focus only on the product specifications and other technical details of the website but overlook the most important factor i.e. Trust for
online purchasing. He identified five major reasons for visitor’s reluctance namely: No Brand Recognition, lack of documentation, no peer Reviews, certifications not displayed and Shabby Website Design.

E-service quality is very crucial for online purchases and generating loyalty for the website amongst its customers (Sigala and Sakellaridis, 2004). E-service quality (e-SQ) is a crucial factor that can significantly determine customer satisfaction, purchase, loyalty and retention through a website. They highlighted thirteen major variable dimensions to measure e-SQ namely: Information fit to task, interactivity, trust, responsiveness, Design Appeal, Intuitiveness, Visual Appeal, Innovativeness, Flow-Emotional Appeal, Integrated Communication, Business Process And Viable Substitute. Wen (2010) tested a model and revealed that when consumers evaluate a website design, they consider information quality, system quality and service quality as the most important factors. The findings also confirmed that quality of website design; consumer’s search intention and consumers’ trust influence their online purchase intention.

Trust is the most important factor in order to achieve a high degree of website satisfaction which further raises the loyalty levels as well as recommendation for others (Bauernfeind and Zins, 2006). Every website and travel information provider has to face the challenge of trust building individually and cannot rely on the improved general internet penetration and level of familiarity. Dimensions of internet purchase attitudes include: risk reduction, flexibility, convenience and trendiness. The customer’s perception about the website usability also increases his loyalty towards websites that they visit (Flavian et al, 2006). Trust of the user increases when the user perceived that the system was usable and that there was a consequent increase in the degree of website loyalty. Furthermore, greater usability also had a positive influence on user satisfaction and greater website loyalty. Also, user trust was partially dependent on the degree of consumer website satisfaction.

Hence, the need arises to understand the reasons for purchasing on the world wide web. Swaminathan et al (1999) A theoretical model of antecedents to electronic exchange was developed with an objective to understand the reasons for the same. The model shows the likelihood of electronic exchange as the focal construct of interest influenced by consumer and vendor characteristics, concern for privacy and
perceived security of transactions. Thus, across two models (with frequency of shopping and amount spent online as dependent variables) customer characteristics dominate all other variables. Interestingly, the factor that is significant in increasing the frequency of shopping on the web is vendor characteristics.

Trust is a strategic imperative that strongly influences consumer intentions to transact with unfamiliar vendors via web (Mcknight et al., 2002). They laid emphasis on three behaviors that are critical to the realization of web-based vendor’s strategic objectives namely: following advice offered by web vendor, sharing personal information and purchasing from vendor’s website. They also worked on factors that help in building trust and include:

- Structural Assurances: Consumer perceptions of safety of web environment
- Perceived Web Vendor reputation
- Perceived Website Quality

Dimensions of trust as identified by Chen and Dhillon (2003) include: competence, integrity and benevolence. Competence refers to a company’s ability to fulfill promises made with the consumers, Integrity suggests that company acts in a consistent, reliable and honest manner and Benevolence is the ability of a company to hold consumer interests ahead of its own self-interest and thereby indicates sincere concern for the welfare of the customers. The sources of trust identified include the characteristics of the consumer, the firm, website and interaction between consumer and the firm.

User-friendly and good informative websites motivates the consumers to visit again and again. They also help in building the trust in the consumer’s mind. Bedi and Banati (2006) stressed on how to attract and retain the users through user friendly and trustworthy websites. The relationship between user trust and usability of a website is scrutinized by analyzing three airline websites. The variables undertaken in this study include: color combination, page scrolling, link names, link explanation, search facility, online booking, seat availability and customization. They concluded that use will lead to greater user satisfaction and finally increased intention to use. It was further extended by Chen (2006). He developed a model representing the determinants of consumer trust in an online travel site by identifying 6 factors
including website’s reputation, characteristics, service quality, consumer’s education level, perception of risk associated with online shopping and consumer’s overall satisfaction level with the site that have an influence on consumer’s overall trust in an online travel website.

Online environment includes several distinct factors that influence brand trust, which are different from bricks-and-mortar marketplace (Hong –Youl, 2004). Although, the internet-savvy customers are increasing day-by-day, they prefer to do business with the web companies they trust. They identified security, privacy, brand name, word-of-mouth, good online experience and quality of information as web purchase related factors affecting brand trust.

Stewart (2006) re-examined the major constructs of trust in online companies. These include:

- Trusting beliefs, where one believes that the other party has one or more characteristics beneficial to oneself. It includes assessment of benevolence, integrity, ability, honesty and other related attributes (McKnight, 2001-02).

- Reputation: It reflects a consumer’s overall assessment of an organization based on information about its past behaviour with regard to honesty, concern for customers, professional conduct, ethics and standards.

- Consumers’ perception of the website: It is influenced by level of comfort with the online context, brick and mortar presence and characteristics of the website.

- Perceived ease of use

- Graphics quality

A study conducted by Kim et al. (2013) revealed that factors such as customer care, delivery policies and product assortment in defined buying factors affected trading confidence (in e-commerce). Moreover, the confidence was reinforced through the process of building trust thereby also having an impact on customer satisfaction.

Ozturkcan (2014) explored the relevance of electronic word-of-mouth publicity as an emerging but crucial factor in building trust during online shopping. They
investigated the influence of online consumer reviews impact on trust-building process with regard to quality, quantity, proportion of negative / positive on-line consumer reviews as well as consumers’ purchasing intentions.

With the increase in the number of operating e-companies, the need for efficient trust-building tools have emerged (Delina & Drab, 2010). Results of the study revealed that for the initial phase of e-marketplace project, services should be simple and free of charge. The acceptability of the fees for service increases with the increased e-skills with specialized solutions.

Eggs (2012) developed a theoretical model for trust based on three domains of intellectual capital adopted by many researchers. Intellectual Capital can further studied in three domains namely:

- **Human Capital**: It involves personal characteristics and competencies including knowledge management skills.
- **Structural Capital**: It focuses on technical aspect and activities.
- **Relationship Capital**: It studies the trust building process linked to different roles and a new collaborative culture.

### 2.2.6 CONSUMER TRUST & E-TOURISM

Tourism and leisure activities are becoming more and more important in the people's life. So, e-tourism companies need to focus on how to attract and simultaneously retain more and more tourists. Tourist relationship management is a crucial subject which firms take special attention to, which directly or indirectly results in Tourist satisfaction, Tourist loyalty and finally Tourist retention. If a company wants to satisfy its customer, it should first investigate factors which affect their satisfaction levels. Hence, it needs to answer how to win consumer trust.

Trust in the internet store is a consumer’s willingness to rely on the seller and take action. Hence, trust is an important element which affects the consumers’ purchasing decision. And, there is a scarcity of research on trust in consumer marketing. Trust is a social lubricant that allows consumers to transact with merchants who are not part of their immediate network. Moreover, it mitigates the consumer’s perception of the
risks involved in a purchase situation. The higher the initial perceptions of risk, the higher the trust needed to facilitate the transaction (Mayer et al., 1995).

In marketing, trust has been empirically tested as a key factor in the initiation, development and maintenance of any long-term relationship. Trust leads to customer loyalty and commitment. Building a group of loyal customers is money in a bank for a hotel, but loyalty requires a long-term relationship in which a hotel earns its guests’ trust (Bowen & Shoemaker, 1998).

It also encourages cooperation and agreement while having the ability to increase the persuasive power of a company in a transaction, since a trusting consumer is less price-sensitive.

Despite the increasing number of internet users and forecasting the future prospects of online travel industry, practitioners have encountered problems and challenges, including how to win consumer trust. There are no statistics showing the exact number of travellers who have purchased travel-related products online. It is apparent that not all online users make their purchases online. There is a quick need for finding as to what are the concerns that prohibit/ restrict online users from purchasing online.

The unwillingness of consumers to plan tours online crops up due to certain fears and uncertainties which can be categorized as:

- Legitimacy and authentication of website
- Product Quality
- System Security and Information privacy
- Post-purchase service

This research work has been undertaken with an objective of an in-depth analysis of reasons for low level of trust for tourism websites and simultaneously ways to remove those barriers which act as a hindrance for online travel commitments. Trust is one such important variable which not only initiates one-time exchange relationship rather, will help in establishing a long-lasting relationship with consumers. Analysis of factors affecting consumer trust will help in providing solution of winning consumer trust and thereby increasing the number of online travel bookers.
2.2.7 CONSUMER TRUST & ITS ANTECEDENTS

- **Website Characteristics**

Sanghyun and Mi-Jin (2012) investigated the effects of various antecedents of trust in Social commerce namely: reputation, size, information quality and communication on consumers’ trust. The results provide strong support for all these four variables thereby indicating their crucial role in building consumers’ trust in the firm. Consumers depend on the s-commerce firms suggesting that online consumers understand that purchasing products or services online entail a higher level of risk than offline purchases because of the anonymity of the online environment. In a way, they try to avoid potential risks like fraud and no delivery.

Gregori and Daniele (2011) researched on identifying the key variables affecting consumer trust in tourism related affiliate websites. The findings revealed that there is a distinction between pivotal determinants of trust and trust enhancing factors. They suggested that affiliates should expose their competence and integrity to consumers by providing background information on their website in order to reduce consumer uncertainty.

Mcknight et al. (2002) worked on consumer trust in e-commerce. According to them, trust is a strategic imperative that strongly influences consumer intentions to transact with unfamiliar vendors via web. They laid emphasis on three behaviors that are critical to the realization of web-based vendor’s strategic objectives namely: following advice offered by web vendor, sharing personal information and purchasing from vendor’s website. They also worked on factors that help in building trust and include:

- Structural Assurances: Consumer perceptions of safety of web environment
- Perceived Web Vendor reputation
- Perceived Website Quality

Skadberg et al (2005) underwent an exploratory study about people’s online experience while visiting a tourism website. The focus of the study was limited to examine how flow experience is related to the effectiveness of the website to stimulate visitors’ interest in visiting the destination presented. The measurement
variables included: time distortion, Enjoyment, Learned more about the place, will enquire for more information, will return to the website and will visit the place.

- **Service Quality**

Services, being intangible in nature, it becomes very difficult to provide, measure and maintain their quality. However, Parasuraman, Zeithmal and Berry (1985) developed the SERVQUAL – Scale for measuring Service Quality, which is the most popular instrument for measuring SQ (Service Quality).

A number of researchers have studied SERVQUAL and adopted it in various service industries. Researchers have demonstrated the application of the SERVQUAL in understanding customer expectations and perceptions of specific services and to target specific service elements requiring improvement (Natarajan et al, 1999). Like, the significant attributes were identified by Rosen and Karwan (1994) in four different sectors namely: understanding the customer for restaurants, assurance and reliability for health care, reliability and tangibles for lecture teaching and assurance for book stores.

Gautam and Tiwari (2012) concluded that service quality dimensions could prove to be a basis for differentiation for the different mobile telecommunication players, which could be developed into a sustainable competitive advantage in the long run. These non-monetary instruments usually qualified more influence than price changes, because they are more difficult to imitate. Nerurkar (2000) in his research work concluded that Service Quality must be considered as a basis for any type of customer retention strategy. Quality is an important aspect both for product manufacturing and service providing companies.

Oliver and Rust (1994) discussed the unique importance of quality to service firms and have confirmed its positive relationship with profits, increased market share, return on investment, customer satisfaction and future purchase intentions. Parasuraman et al (1988) conceptualized SERVQUAL as an instrument to measure the service quality consisting of five dimensions namely; tangibles, reliability, responsiveness, assurance and empathy. Sangeetha (2012) developed a service quality scale across various technology interfaces in retail banking. Seven factors of customer
perception of Technology Interface Service Quality (TISQ) were recognized and validated.

Surjadjaja et al (2003) presented three dimensions- service marketing, service design and service delivery- consisting of 20 determinants essential for e-service operations. Zhu et al (2002) proposes a service quality model for IT-based service options linked to the traditional service dimension as measured by SERVQUAL.

Ron (2011) in his study explored that the biggest problem faced by e-commerce owners is the trust deficit by visitors to the site. He emphasized on the fact that most of the website companies focus only on the product specifications and other technical details of the website but overlook the most important factor i.e. Trust for online purchasing. He identified five major reasons for visitor's reluctance namely: No Brand Recognition, lack of documentation, no peer Reviews, certifications not displayed and Shabby Website Design.

Chen and Dhillon (2003) confirmed that consumer trust in an internet vendor is an issue commanding more and more attention. They identified dimensions of trust namely: competence, integrity and benevolence. Competence refers to a company’s ability to fulfill promises made with the consumers, Integrity suggests that company acts in a consistent, reliable and honest manner and Benevolence is the ability of a company to hold consumer interests ahead of its own self-interest. The sources of trust identified include the characteristics of the consumer, the firm, website and interaction between consumer and the firm.

Grabner-Krauter and Kaluscha (2003) pinpointed that while trust involves uncertainty as well as dependency; online transactions are not only characterized by uncertainty, but also by anonymity, lack of control, making risk, etc. In short, buying on the internet presents numerous risks for consumers over and above the transaction process itself being perceived as risky. Since the online consumer cannot personally inspect products or services and does not even know what the retailer will do with the personal information that is collected during the shopping process.

Chen and Barnes (2007) investigated on online trust as one of the key obstacles to vendors succeeding on the internet medium. They declared that perceived usefulness, perceived security, perceived privacy, perceived good reputation and willingness to
customize are the important antecedents to online initial trust. As per the research, both online initial trust and familiarity with online purchasing have a positive impact on purchase intention.

Sigala and Sakellaridis (2004) in their research work proposed the importance of e-service quality for online purchases and loyalty. They concluded that e-service quality (e-SQ) is a crucial factor that can significantly determine customer satisfaction, purchase, loyalty and retention through a website. They highlighted thirteen major variable dimensions to measure e-SQ namely: Information fit to task, interactivity, trust, responsiveness, Design Appeal, Intuitiveness, Visual Appeal, Innovativeness, Flow-Emotional Appeal, Integrated Communication, Business Process And Viable Substitute.

Wolfinbarger and Gilly (2002) undertook a survey and developed a scale named .comQ with four factors namely: website design, reliability, privacy/ security and customer service. These dimensions included 14 attributes with the following contents: website design involved the expected attributes associated with design as well as items dealing with personalization, reliability aspect considered accurate representation of the product, ontime delivery and accurate orders. Privacy and security factor comprised of feeling of being safe and trust worthiness of the site and the last element namely, customer service combined interest in solving problems, willingness of personnel to help and prompt answers to enquiries.

Zeithmal et al. (2002) defined e-service quality is defined as the consumer’s judgement about an entity’s overall excellence or superiority. He developed the e-SERVQUAL measure of e-service quality to study how customers judge e-service quality. This scale includes seven dimensions namely: efficiency, reliability, fulfilment, privacy, responsiveness, compensation and contact. First four dimensions have been evaluated as the core service scale while the remaining three dimensions are regarded as a recovery scale which is considered only if the online customers have questions or problems.

2.2.8 IMPORTANCE OF TRUST

Online trust is a key differentiator that determines the success or failure of many online companies (Lauer and Deng, 2007). Trusted websites can provide customers
with a secure and private online shopping experience. And at the same time could alleviate customers’ concerns about the leakage, unauthorized collection, or the misuse of their private information, promote deep customer loyalty and help the companies build a positive relationship with their customers while increasing their market share and profits.

Online trust is one of the key obstacles to vendors succeeding on the internet medium (Chen and Barnes, 2007). They declared that perceived usefulness, perceived security, perceived privacy, perceived good reputation and willingness to customize are the important antecedents to online initial trust. As per the research, both online initial trust and familiarity with online purchasing have a positive impact on purchase intention.

Gefen and Straub (2004) in their research work analyzed that when rules and customs are insufficient, people rely on trust and familiarity as primary mechanisms to reduce social uncertainty. The relative paucity of regulations and customs on the internet makes consumer familiarity and trust especially important in the case of e-commerce. Lack of an interpersonal exchange and one-time nature of typical business transaction on internet make this kind of consumer trust unique, because trust relates to other people and is nourished through interactions with them.

Jarvenpaa et al. (1999) emphasized that trust plays a critical role in stimulating consumer purchases over the internet. He highlighted that culture may also affect the antecedents of consumer trust, i.e., consumers in different cultures might have differing expectations of what makes a web merchant trustworthy.

2.3 CUSTOMER SATISFACTION

Customer satisfaction as a concept has been consistently used over time for evaluating emotions (Hunt, 1977). Oliver (1981) described satisfaction as a summary of psychological state originating when the emotion surrounding disconfirmed expectations is coupled with the consumer’s prior feelings about the consumption experience. It reflects the degree to which a consumer believes that the possession or use of a service evokes positive feelings as suggested by Rust & Oliver (1994). The definition was simplified further thereby stating that customer satisfaction is the
customer reaction to the state of fulfilment, and customer judgement of the fulfilled state (Oliver, 1997).

Kotler (2000) stated that satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his or her expectations. Wangenheim (2003) also defined customer satisfaction by comparing the expected and perceived performance throughout the relationship of the customer with the company. Another definition of customer satisfaction by Barnes et al. (2004) described it as an overall positive or negative feeling about the net value of services received from the supplier.

Chang et al. (2009) evaluated CS as the psychological reaction of the customer with respect to his or her prior experience with the comparison between expected and perceived performance.

Shankar et al. (2003) classified satisfaction in two broad dimensions namely: transaction specific satisfaction and cumulative outcome also termed as overall satisfaction. Transaction specific satisfaction is the emotional response to performance on specific attributes of a service encounter whereas overall satisfaction is a result of repeated transactions with the company. Hence, in an online environment, website satisfaction is considered to be transaction specific if the consumers go for one time purchase. On the other hand, it will be considered as overall satisfaction if the customers are repeatedly buying from the same service provider.

2.4 CONSUMER TRUST & CUSTOMER SATISFACTION

Oliver (1997) and Taylor & Baker (1994) evaluated that although service quality and customer satisfaction are different constructs, but satisfaction and service quality are highly correlated. The argument was further supported by Parasuraman et al. (1985, 1988, 1992) stating that service quality is an antecedent of customer satisfaction.

Huh and Shin (2009) underwent a study in exploring consumer trust in DTC websites and concluded with a positive relationship between consumer trust and consumers’ intention to visit or revisit DTC website.
Flavian et al (2006) determined the influence that perceived usability has on the user’s loyalty to websites that they visit. The results of the study confirmed that the trust of the user increases when the user perceived that the system was usable and that there was a consequent increase in the degree of website loyalty. Furthermore, greater usability also had a positive influence on user satisfaction and greater website loyalty. Also, user trust was partially dependent on the degree of consumer website satisfaction.

Bauernfeind and Zins (2006) focused on online experiences and their consequences for future use while emphasizing on recommender systems. They concluded that trust is the most important factor in order to achieve a high degree of website satisfaction which further raises the loyalty levels as well as recommendation for others. Every website and travel information provider has to face the challenge of trust building individually and cannot rely on the improved general internet penetration and level of familiarity. Dimensions of internet purchase attitudes include: risk reduction, flexibility, convenience and trendiness.

Brown et al. (2007) raised an increasing consumer’s privacy concern due to increasing usage of ICTs to facilitate relations with consumers. Research indicates that this can have an adverse impact on the consumer’s willingness to purchase online. Three aspects that have received attention from researchers are: unauthorized secondary use of data, invasion of privacy and errors. The research revealed that although the consumers are concerned with the aspect of privacy, it did not have any direct bearing on their propensity to purchase from travel websites.

Wen (2010) tested a structural equation model to explore the impact of quality of website design, traveler’s intentions and travelers’ trust on their online purchase intention of travel products. The study revealed that when consumers evaluate a website design, they consider information quality, system quality and service quality as the most important factors. The findings also confirmed that quality of website design, consumer’s search intention and consumers’ trust influence their online purchase intention.

Heskett (2008) developed service profit chain which stresses that profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction which is largely influenced by the value of services provided to
customers. Hence, service provision to customers generates satisfaction and loyalty with an increasing number of repeat purchases. Most of the companies have found that their most loyal customers – the top 20% of total customers – not only provide all of the profit, but also cover losses incurred in dealing with less loyal customers.

Lertwarinawit and Gulid (2011) promoted that there are significant positive relationships between service quality and value, satisfaction and brand trust. They also highlighted positive relationships between behavioral loyalty and value, satisfaction and brand trust. The research revolved around 400 international tourists and the results were analyzed by applying Structural Equation Analysis. One of the significant results was that nationality has no moderating effect on the relationship between service quality and value, satisfaction and brand trust.

Walsh, Lynch and Harrington (2011) were of the opinion that a tourism firm’s long-term survival relies more on overall firm-level innovativeness. They distinguished between innovation and innovativeness by concluding that innovation merely provides a firm with a short-term competitive advantage as it can be easily copied by competitors. But, on the other hand, innovativeness is an underlying capability structure which is strategically developed through organizational path dependencies to encourage such behavior at firm’s level. They defined innovative behavior as change in behavior by tourism firms in response to environmental market changes.

Phelan (2011) examined website heuristics and their influence on the likelihood to purchase. Results of this study indicated that booking decisions are positively related to website’s aesthetic appeal. Results showed four variables: pictures, ease of use, neatness/uncluttered and plain/boring, were most significant on both site appeal and site influence. This research would have helped the hotels in better accommodating the customers and realize the greatest return on investment.

Bedi and Banati (2006) highlighted the trend of increased web usage in travel and tourism industry. Their research focused on how to attract and retain the users through user friendly and trustworthy websites. The relationship between user trust and usability of a website is scrutinized by analyzing three airline websites. The variables undertaken in this study include: color combination, page scrolling, link names, link explanation, search facility, online booking, seat availability and customization. They
concluded that use will lead to greater user satisfaction and finally increased intention to use.

Chen (2006) developed a model representing the determinants of consumer trust in an online travel site. He underwent an empirical analysis and identified 6 factors including website’s reputation, characteristics, service quality, consumer’s education level, perception of risk associated with online shopping and consumer’s overall satisfaction level with the site that have an influence on consumer’s overall trust in an online travel website.

Swan et al. (1988) investigated on the conceptualization of trust in an industrial sales setting. Trust components approach to the measurement of trust was used to identify the relevant dimensions that a salesperson could develop to be considered “trustworthy” by the buyer. They concluded that overall trust is significantly related to the assumed trust components – dependable, reliable, honest, responsible and likeable. They pinpointed that trust is an integral part of the industrial selling process.

Cazier et al. (2007) explored the contribution of value congruence to the formation of trust in e-business. The results indicate that value congruence not only plays a role in mediating the trust of consumers for the organizations, but it also has a strong effect on determining their willingness to disclose personal information.

Lauer and Deng (2007) stressed on online trust as a key differentiator that determines the success or failure of many online companies. Trusted websites can provide customers with a secure and private online shopping experience. And at the same time could alleviate customers’ concerns about the leakage, unauthorized collection, or the misuse of their private information, promote deep customer loyalty and help the companies build a positive relationship with their customers while increasing their market share and profits.

To summarize, if the customers start trusting the online tourism company, their satisfaction level increases and they become loyal towards the company. At the same time, they also recommend others to go for the same.

Previous studies highlight the increasing importance of digitization of tourism industry thereby leading to the sector’s growth. But, the growth of this digitization is different in different economies. The variability in its acceptability is also significant
because of the varying cultures and trust levels. Hence, this study will be undertaken to study the dimensions of consumer trust on online tourism companies in India. The major objective of this study revolves around identifying factors that build trust and affect consumers’ purchasing intentions positively.