GENERATIONAL DIFFERENCES IN ONLINE TRUST DEVELOPMENT: MILLENNIALS V. BABY BOOMERS

Michael Obal, Temple University, United States of America

INTRODUCTION

Online trust has become an important and emerging topic for marketers. Trust is crucial in order to build long-term relationships with customers and has shown to have a direct link on behavioral intent (Morgan and Hunt, 1994, Doney and Cannon, 1997). Building trust is especially difficult online since this medium does not offer the look, feel and interaction of a more traditional medium, thereby creating an uncertain environment for the shopper (Yoon, 2002). Bart et al. (2005) found that the factors that influence online trust "are significantly different for different Web site categories and customer groups." Despite these findings, very little research has examined the potential variances in the drivers of online trust between generational cohorts. This lack of research is surprising considering the existence of literature that has established that generational cohorts value different variables when shopping (Schewe and Meredith, 2004). Therefore, a need remains to analyze the drivers of online trust across generational cohorts.

This study identifies the different variables that impact online trust across generational cohorts when shopping on an online retailer's Web site, or e-tailer. Specific to this study, we look at Millennials (individuals born between 1979 and 1994), and Baby Boomers (individuals born between 1946 and 1964) (Mitchell, 2000). As noted by Prensky (2001), Millennials ("digital natives") adopted Internet technology at an earlier age and are more comfortable using this medium than Baby Boomers ("digital immigrants"). Interestingly, previous literature has shown that these generational cohorts value different drivers when they are developing trust in offline settings (Cho and Hu, 2009). Based on their varying online behaviors, and their varying trust development process offline, it is likely that the drivers of online trust vary across generational cohorts (Schewe and Meredith, 2004). This study asks the question: What interface variables do Millennials and Baby Boomers value most when developing trust with e-tailers?

THEORY

The goal for this study is to demonstrate the differences in the drivers of trust in an online shopping situation between two generational cohorts. In order to accomplish this goal, this study uses four variables which have been found to be the most relevant and significant drivers of trust for consumers shopping on an e-tailer's Web site: navigation, vendor advice, privacy, and feedback mechanisms (Ba and Pavlou, 2002; Bart et al., 2005). Bart et al. (2005) found that navigation, vendor advice, privacy, community features, order fulfillment and absence of errors were the six significant drivers ($p<.01$) of online trust for e-tailers. They also found that security, vendor brand strength, Web site familiarity and online expertise were not significant predictors of trust development for e-tailers.

Ba and Pavlou (2002) found that feedback mechanisms are crucial drivers of online trust. A feedback mechanism is defined as any Web site application that is used to engineer large-scale, word-of-mouth networks in which individuals share opinions on numerous topics, including products (Dellarocas, 2003). Feedback mechanisms are a type of community feature, as defined by Bart et al. (2005).

Navigation refers to the layout of the Web site and the ease of searching and browsing through the site. Vendor advice refers to the effectiveness of the information provided on a Web site by the vendor and how well that information guides a consumer. This is different from feedback mechanisms as vendor advice is only concerned with the information provided by the firm on the Web site versus the feedback provided by consumers. Privacy refers to how well a site protects a consumer's personal information and the effectiveness of their privacy policies (Bart et al., 2005).

Given these definitions, we applied previous findings on the differences between Millennials and Baby Boomers to motivate our hypotheses. First, of the two cohorts, it has been established that the Millennials' "coming of age" period occurred in the more socially connected society (Mitchell, 2000; Schewe and Meredith, 2004). As such, Millennials have been found to prefer regular contact from their peers, find less value in personal privacy, and tend to value collaboration and working in teams (Prensky, 2001; Oblinger and Oblinger, 2005). One form of online collaboration that has been found to be effective is feedback mechanisms, therefore: ***H1: Feedback mechanisms are a stronger determinant of trust for Millennials than for Baby Boomers.***

Second, Millennials placed more emphasis on responsiveness when making purchases (Cho and Hu, 2009). Millennials grew up in a very connected society that values response times and speed of delivery, hence the "digital natives" moniker (Prensky, 2001; Schewe and Meredith, 2004). Due to being raised in an increasingly connected, digital society, Millennials have been found to demand faster response times (Oblinger and Oblinger, 2005). Since a consumer will be able to find the information or products they are looking for much quicker on a Web site that is easily navigable, it is hypothesized that: ***H2: Navigation is a stronger determinant of trust for Millennials than for Baby Boomers.***

Third, the variable privacy is concerned with the safety of personal information during a transaction. Baby Boomers were less socially connected during their "coming-of-age" phase and grew up in a more private society than Millennials. Digital technology has increased the levels of connectivity experienced by people today and therefore has reduced the value of privacy in society. (Prensky, 2001; Schewe and Meredith, 2004) This indicates that younger generations value privacy less than older generations. Furthermore, Baby Boomers share less information online and are more aware of information sharing tactics used online than are Milliennials (Lawler and Molluzzo, 2010). Therefore: ***H3: Privacy is a stronger determinant of trust for Baby Boomers than for Millennials.***

Fourth, as previously mentioned, Millennials rely heavily on information gathered from multiple sources, which includes the actual purchasing site (Reynolds et al., 2008). Time and levels of difficulty in obtaining information are the biggest areas of concern for Millennials when gathering product information (Weiler, 2005). Therefore, vendor advice is appealing to Millennials as it is the easiest and most accessible type of information. On the other hand, while Baby Boomers have shown to trust advice from salesmen in offline situations more so than Millennials, they have not shown the same levels of trust with vendors in online settings (Cho and Hu, 2009). Furthermore, Baby Boomers are more skeptical of information provided online (Yang and Jolly, 2008). Therefore: ***H4: Vendor advice is a stronger determinant of trust for Millennials than for Baby Boomers.***

METHODOLOGY

Hypotheses were tested with a full-factorial design: 2 (high/low vendor advice) x 2 (high/low privacy) x 2 (high/low feedback mechanisms) x 2 (high/low navigation). Order fulfillment and absence of errors were not tested as these variables extend beyond the focus of this study on the Web site. Web site screenshots were randomly assigned to participants thereby controlling for any sort of systematic biases. Each screenshot depicted the purchasing screen for a flat screen television set. The Web sites gave no indications of brand or product name, thereby holding constant any possibly confounding factors created by individual experiences with a given brand. Participants were asked to respond to a set of 11 statements on a 5-point Likert scale for each Web site; 2 items for each IV and 3 items for the DV. These statements were aimed to identify how participants measured the perceived strength of the vendor advice, privacy, feedback mechanisms, navigation, and their level of trust in the given Web site. Respondents were also asked to share basic demographic information, including age, gender, education and income. Finally, a self-reported measure on Internet expertise was taken.

Participants were recruited using Amazon Mechanical Turk. Of the 500 American respondents recruited, 445 successfully completed the study; 220 Millennials (average age = 25.58) and 225 Baby Boomers (average age = 53.52). No significant differences were found between the two groups for reported income, gender and education, while Millennials scored slightly higher on the self reported measure of Internet expertise ($Mean_M$ = 4.16, $Mean_{BB}$ = 3.52, F=75.026, p<.001). Income, gender, education and Internet expertise were all used as control variables and were found to be non-significant predictors of trust at p<.05 and were therefore removed from the final model.

All four independent variables were manipulated on a high/low scale. In the high vendor advice treatment, cues pertaining to the effectiveness of the product and warranty information provided on the Web site by the vendor were present; in the low vendor advice treatment, these cues were not present. In the high privacy treatment, cues of privacy, such as privacy policies and information regarding the standing of the company were present; these cues were not present in the low privacy treatment. In the high feedback mechanisms treatment, user feedback and a 5 star product rating system for the featured product were present; these mechanisms were not present in the low feedback mechanisms treatment. In the high navigation treatment, cues of a Web site's search capabilities (e.g. search bar, page tabs, etc.) were present; these cues were not present in the low navigation treatment. Alongside each Web site, participants were presented with a related questionnaire. The questionnaire consisted of eleven items representing the four independent variables and the dependent variable. These items were utilized as manipulation checks and revealed that the treatments were effective.

RESULTS AND DISCUSSION

Confirmatory Factor Analysis was used to determine construct validity and reliability. The final model obtained satisfactory fit (x^2 = 147.221 with 64 degrees of freedom at p-value<.000, CFI = 0.972, RMSEA = 0.053, SRMR = .0331). Average Variance Extracted exceeds .5 for all variables, Cronbach's Alpha exceeds .7 for all variables, and all item loadings approach or exceed .7, thus indicating sufficient levels of convergent validity and reliability (Kline, 2010). To test the hypotheses, standard regression analysis was used for both the main model and the interaction models. All treatments were dummy coded (1=high, 0=low), as was generation (1=Baby Boomer, 0=Millennial). All main effects were significant, as expected. As the interaction term, Feedback Mechanisms*Generation, is negative and significant (ß = -1.155, p=.036), it can be determined that feedback mechanisms were a stronger determinant of trust for Millennials than for Baby Boomers, thus supporting H1. Similarly, the

interaction term, Navigation*Generation is negative and significant (ß = -1.487, p=.007), indicating that navigation was a stronger determinant of trust for Millennials than for Baby Boomers, thus supporting H2. The interaction term, Privacy*Generation was positive and significant (ß = 1.295, p=.025), indicating that privacy was a stronger determinant of trust for Baby Boomers than for Millennials, thus supporting H3. Finally, the interaction term, Vendor Advice*Generation was negative and significant (ß = -1.109, p=.047), indicating that vendor advice was a stronger determinant of trust for Millennials than Baby Boomers, thus supporting H4.

Based on the findings from this study, it can be established that the drivers of online trust vary across generational cohorts. It was found that feedback mechanisms are a stronger determinant of trust for Millennials than for Baby Boomers. This is based on the understanding that Millennials grew up in a very connected society and value collaboration, therefore placing more value on the opinion of others when manifested in user feedback mechanisms (Prensky, 2001). Navigation was also found to be a stronger determinant of trust for Millennials than for Baby Boomers. This is based on the understanding that Millennials have experienced their "coming of age" period in a very fast-paced environment and therefore expect Web sites to be very responsive, efficient and fast. It was also found that privacy is a stronger determinant of trust for Baby Boomers than for Millennials. This is based on Millennials "coming-of-age" during a less socially connected time. Furthermore, Baby Boomers share less information online and are more aware of information sharing tactics used by firms online than are Milliennials (Lawler and Molluzzo, 2010). Finally, vendor advice was a stronger driver of trust for Millennials. Millennials are drawn to the easy access of product information while Baby Boomers are, overall, more skeptical of an online vendor.

CONCLUSIONS AND IMPLICATIONS FOR THEORY AND PRACTICE

Theoretically, this study builds off the idea that a universalistic approach to building trust in an online environment is not appropriate (Sia, 2009). Generational cohorts do in fact develop online trust in dissimilar fashions. Practically, this study provides managers in the retail industry with some important considerations when developing Web sites. Specifically, it provides managers with some insight on how to reach their target audience online. Stores that use generational cohorts for segmentation purposes will be able to use these findings to help create Web sites that cater to their target audiences.

In sum, this paper builds upon the previous online trust literature and identifies the differences that drive online trust across two generations. These results identify how Millennials and Baby Boomers establish trust with a retail Web site. Navigation capabilities, feedback mechanisms, and vendor advice of a Web site are stronger determinants of trust for Millennials while cues of privacy are stronger determinants of trust for Baby Boomers. These discoveries hold significant implications for marketers as they consider how to effectively build trust between their target customers and their Web sites. Future studies could look at the potentially varying drivers of trust for other consumer groups or website categories.

References available upon request