

UNDER WHAT CONDITIONS DOES TRUST MAKE A CONSUMER RE-PATRONIZE OR EVEN STAY LOYAL TO AN E-RETAILER?

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ABSTRACT

Trust is regarded as salient in the consumer and e-retailer exchange relationships because there are high risks involved in transactions with an e-retailer and online consumer and e-retailer depend on each other to realize their respective interests (Chen and O'Brien 2005). Literature review of current online B2C trust studies indicates that they still reflect the early mentality of doing business online which, in essence, is driven by discrete transactions (Urban, Amyx, and Lorenzon 2009). Guided by the old mentality, online retailers were fighting for hits, click-throughs, eyeballs, number of visitors, number of shoppers, and pure purchase volume (Bain & Company/Mainspring 2000; Reichheld, Markey, and Hopton 2000). With marketing strategies for e-retailers switching to retaining customers, studies are needed to investigate how trust in an e-retailer impacts the consumer's decision to remain with or be loyal to the e-retailer (constructs closely related to customer retention). In addition, in trust literature, few studies have examined the factors that moderate the effect of trust on its outcome variables. To the researcher's knowledge, no study has yet empirically tested the moderators of the effect of trust.

To fill the above gaps in the literature, this study proposed future intentions and consumer loyalty as the consequences of consumer trust in an e-retailer and competitive alternatives and online environmental uncertainty as the key moderators of the relationships between online trust and its consequences. The proposed conceptual framework was empirically tested it using a large-scale sample randomly selected from national online consumers. The empirical test supported the direct effect of trust on both future intentions and loyalty as well as the moderating effect of online environmental uncertainty on the effects of trust on both of its consequences. However, the moderating effect of competitive alternatives was not supported in either the trust-future intentions relationship or the trust-loyalty one. Instead, the empirical results revealed a direct effect of competitive alternatives on both future intentions and loyalty.

This study has some implications for e-retailing practices. First of all, since trust was confirmed to impact a customer's decision to re-patronize, and be loyal to an e-retailer, e-retail managers are advised to position trust as an important marketing tool that can help retain customers. Second, since environmental uncertainty was confirmed to moderate the effect of trust on both future intentions and loyalty, e-retailers are advised to carefully assess the uncertainty factor before utilizing the trust marketing tool. If the online transaction environments are perceived highly risky by consumers, e-retailers are advised to heavily invest in building consumers' trust in the e-retailer. If consumers perceive low uncertainty involved in online shopping environments, e-tail managers should realize that trust alone would not prevent their customers from switching to their competitors. Accordingly, to retain their customers, besides trust, e-tail managers have to improve their relative (compared with their competitors) performance in other areas such as merchandise selection and prices offered. Third, a direct effect of competitive alternatives on both future intentions and loyalty revealed by the study implies that staying competitive in the market and in consumers' mind will help retain customers. Hence, e-tail managers are advised to always keep an eye on both current and potential competitors and craft sound business strategy and tactics to effectively compete with them.

References Available on Request.