

Chapter 47

Perceived Risk in E-Commerce and the Development of Loyalty: The Moderating Effect of Website Design, the Cultural Framework of Language, and the User's Flow State

Juan Miguel Alcántara-Pilar
University of Granada, Spain

Salvador del Barrio-García
University of Granada, Spain

ABSTRACT

This chapter examines the effect of Website design, the language used on the Website, and the user's flow state while browsing on processing online information in terms of perceived security and loyalty towards the tourism service being promoted. The results underline the importance of Website design and language on perceived risk online, and of user flow state on the development of loyalty towards the tourist destination in question. It was found that user involvement with the site content is a key moderator in reducing perceived risk and increasing loyalty. In light of the findings, firms are recommended to select content for their Websites that reflect the different types of client motivation so as to make browsing more useful and appealing to users.

INTRODUCTION

The arrival of e-commerce has changed the way in which firms and institutions communicate with their customers. The new era of interactive technologies has led firms to think differently

about their business models (Steward & Pavlou, 2002). In this regard, in recent decades the very characteristics of the Internet have enabled innumerable firms to achieve success on a global scale by taking full advantage of the resources and potential offered by the Web (Varadarajan et

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al., 2010). It could be said that there has been a shift, from traditional markets characterized by consumer passivity (attributed, to a great extent, to the impossibility of interacting directly with firms), to a scenario in which consumers more actively participate in the marketing activities of firms (Harker & Egan, 2006; Wang, Head & Meng, 2000). In this variation of the business-to-customer (B2C) relationship, the motivations of users who are active in the digital environment are extremely important (Ramey, 2000), above all because the nature of the Internet is such that it encourages more hedonic behavior (Childers, Carr, Peck & Carson, 2001), in contrast to more traditional consumer behavior which the research has found to be more utilitarian in nature (Martínez, Martínez & Luna, 2005; Sánchez-Franco & Roldán, 2005). On the other hand, in the majority of inter-cultural contacts, the participants speak different mother tongues, which act as vehicles for conveying different cultural values. Tavassoli (2002) demonstrated that differences in language-processing are flexible and that a bilingual consumer can present similar information-processing styles to those of native consumers. Puntoni et al. (2009) asserted that language influences how marketing communications are emotionally perceived, and demonstrated that written information in the mother tongue of the consumer is perceived more emotionally than information expressed in a second language. Li (2010) demonstrated that when undertaking the same task in different languages, bilingual users from the same culture gave different responses that were in line with the cultural values of the language in which they processed the information. This key finding has tremendous potential for marketing managers who are aiming to differentiate their marketing strategies and communicate different cultural values, depending on the mother tongue of their target public.

In the present work, an experiment was undertaken based on the website of a tourist destination, with a view to examining how users browsed the site and configured a particular tourist package

from amongst a wide variety of different flight, hotel and restaurant options. More specifically, the effect of the site design, the language, and the flow state of the user on the perceived security of the e-business was measured, via perceived risk online and loyalty towards the tourism service in question.

LITERATURE REVIEW

The Effect of Website Design on Perceived Risk

In the sphere of electronic commerce – both B2C and business-to-business (B2B) – a firm's website represents its image in the digital environment. The site acts as an interactive shop window via which the firm can attract clients and display its online product catalogue, operating as an intermediary with potential customers. In this regard it operates both as a virtual shopping trolley and also as a means of closing the sale. As such, the usability of a firm's website is a key success factor. Usability refers to the speed and ease with which users are able to carry out their tasks via a given website. Achieving usability therefore involves focusing on the potential users of a site so as to structure it around their needs, organizing the navigation such that it facilitates the information-search process. The key strategy that should inform the entire process of site design, then, is to draw on the needs of users and the requirements of potential customers as a reference point.

Usability and appearance are two indicators that represent the utilitarian aspects of a site, together with its appeal. Those sites with a high level of usability in their design enable users to carry out their tasks coherently and achieve the results they expect (Palmer, 2000). In fact, this perception of control during the browsing process is inversely related to the sensation of insecurity and vulnerability (Diamantopoulos & Winklhofer, 2001; Mayer, Davis & Schoorman, 1995). Hence,

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