

# Trust in B2C E-Commerce for the New Zealand Māori

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## INTRODUCTION

This study was performed to allow an understanding of some of the elements of trust that are apparent to encourage the Māori Internet shopper to feel comfortable to shop online. Māori arrived in New Zealand from the Pacific over 1,000 years ago. Since then, New Zealand was colonised by Europeans in the 19<sup>th</sup> century. As a result, the Māori have become a minority (Belich, 1996). That is, their culture, language and values have become secondary to those of the dominant European culture (Liu, Wilson, McClure & Higgins, 1999). Māori have been defined as including “all those who identify themselves as belonging to the New Zealand Māori ethnic group, either alone or in combination with any other ethnic group” (Statistics New Zealand, 1998, p. 94).

An extensive selection of literature exists on trust and the Internet (Camp, 2000; McKnight, Cummings & Chervany, 1998). Few studies have examined the aspects of trust and the Internet for different cultures. Early studies, for example, by Jarvenpaa, Tractinsky, Saarinen and Vitale (1999), found that cultural differences do exist in Internet shopping. As a result, a gap in knowledge has been identified in terms of trust, Internet shopping and culture in New Zealand. This study has focused on Māori, who, according to the literature have varying beliefs and values as opposed to the non-Māori in New Zealand (Patterson, 1992).

This study will examine the issues that have helped or hindered the adoption of Internet shopping for the Māori Internet user. From interviewee responses, a better understanding of current attitudes with regard to Internet shopping will be obtained. These responses will be linked to the various issues raised in this study. This study will therefore answer the questions set out as follows:

- What issues of trust are apparent to the Māori Internet shopper?
- Does the current literature on trust and Internet shopping apply to the Māori Internet shopper, and if so, how?

An attempt will be made to relate the literature reviewed and the conceptual framework developed in this

study to the answers obtained via interviews in order to answer these research questions.

## REVIEW OF LITERATURE

Through an investigation into the nature of business-to-consumer electronic commerce and the issues affecting the Internet customer, three key issues emerged: trust, risk and reputation.

Business-to-consumer (B2C) e-commerce is the trading and transactional relationship between an organisation's Web site and an end user (Lawrence et al., 2000; Schneider & Perry, 2000). Consumers are able to purchase goods and services such as books, computer products, and music at any time that is convenient to the consumer. Business-to-consumer e-commerce focuses on direct transactions between businesses and end consumers (Dedhia, 2001; Lawrence et al., 2000; Riggins & Rhee, 1998).

Business-to-consumer e-commerce involves smaller amounts of money in each exchange, whilst a greater volume of money is exchanged in the business-to-business (B2B) environment due to the volume of goods and services being transacted. Transactional relationships tend to be intimate for B2C e-commerce, as the objective is to satisfy customer preferences and shopping habits, but in the B2B setting, relationships are formal and impersonal (Ah-Wong et al., 2001; Lawrence et al., 2000; Riggins & Rhee, 1998).

There are factors that inhibit B2C e-commerce adoption. These factors include trust, risk and reputation. According to McKnight, Cummings and Chervany (1998, p. 459), trust is “an individual's beliefs about the extent to which a target is likely to behave in a way that is benevolent, competent, honest, or predictable in a situation.” The consumer needs to believe that the Web merchant is trustworthy before he or she purchases online.

Factors that can increase the trust of an Internet consumer include assurance services such as those provided by MasterCard and TRUSTe (Cashell & Aldhizer III, 1999; Nöteberg, Christiaanse & Wallage, 1999), which permit a Web site to display their Web trust seal (a graphic) provided their “practices...[comply] with the

WebTrust principles and criteria for business-to-consumer e-commerce” (Cashell & Aldhizer III, 1999, p. 51). Web sites that show a seal are more likely to be purchased from than sites that carry no seal at all (Nöteberg et al., 1999). It made no difference as to which seal was displayed on the Web site, just as long as a seal was visible.

Another factor associated with inhibiting Internet customers from shopping online is risk. Risk is defined as the consumer’s perceptions of the uncertainty and adverse consequences of engaging in an activity (Camp, 2000; Jarvenpaa et al., 1999, 2000). There is little assurance that the customer will get what he or she sees on the computer screen, in the quantity ordered.

It has been suggested that two types of risk are predominately associated with Internet shopping (Fram & Grady, 1997; Jarvenpaa et al., 1999, 2000; Lynch, Kent & Srinivasan, 2001). These risks are product category risk and financial risk. Product category risk is risk associated with the product itself and is the consumers’ belief that the product will function according to their expectations. Financial risk refers to the risk associated with the Internet as a purchasing medium. Consumers are apprehensive about putting their credit card information over the Internet because it puts the consumer at risk of losing money via credit card fraud (Fram & Grady, 1997; Jarvenpaa et al., 1999, 2000).

The reputation and size of the Web merchant has also been suggested as factors that contribute to consumer trust in a seller organisation (Doney & Cannon, 1997; Ganesan, 1994). Reputation is the extent to which buyers believe that the selling organisation is honest and concerned about its customers (Doney & Cannon, 1997). Reputation requires a long-term investment of resources, effort and attention to customer relationships (Jarvenpaa et al., 1999). The better the seller’s reputation, the more resources the seller has presumably committed to build that reputation. The perception of a large organisation implies that the merchant has significant resources invested in the business and has much to lose by acting in an untrustworthy way (Stewart, 1999).

## **MÄORI AND THE INTERNET**

It is only recently that studies have been carried out on Māori and their presence on the Internet (Kovacic, 2001; Smith, 1997; Smith & Sullivan, 1996). However, no studies examining the relationship between Māori, trust and Internet shopping were found, indicating a gap in knowledge.

Jarvenpaa et al. (1999, 2000) and Lynch et al. (2001) found that trust varies across nationalities and cultures. Hofstede (1980) identified four constructs that have been the foundation of much cultural research: power distance,

uncertainty avoidance, individualism and masculinity. Consumers coming from an individualistic culture may have greater trust and be more willing to base their trust in a Web site than consumers from a collectivistic culture (Javenpaa et al., 1999, 2000). The individualism/collectivism construct was the focus of this study.

According to Hofstede (1980), those in an individualistic society:

- Take care of him or herself and his or her immediate family;
- Have an “I” consciousness;
- Have a self-orientation; and
- Have greater economic development.

Those in a collectivistic society:

- Are born into extended families or clans, which protect them in exchange for loyalty;
- Have an emphasis on belonging to an organisation;
- Have a “we” consciousness; and
- Have less economic development (Hofstede, 1980).

A Māori concept of community is based on collective strength, which includes sharing, nurturing, supporting and empowering of interdependent groups. The Māori see community as a form of relatedness, in which people are interdependent (Gregory, 2001). An important method of communication for Māori is through the *whanau* (family) structure (Light, 1999). That is, the connections are about relationships to people and to place.

Individualism tends to promote a trusting stance in an individualistic society (Jarvenpaa et al., 1999). As a result, one gets better outcomes assuming that others are reliable. Individualists are more likely to trust others until they are given some reason not to trust. By contrast, those high on collectivism are more likely to base their trust on relationships with first-hand knowledge. Members of collectivist cultures are less likely to trust someone who is not part of their in-group (Thanasankit, 1999; Yamagishi & Yamagishi, 1994).

The purpose of this study was to explore the issues of trust apparent to the interviewed Māori Internet shoppers and see whether the current literature on trust and Internet shopping applies to the interviewed Māori Internet shopper, and if so, how. Face-to-face interviews were performed with eight participants, all full-time professionals in either the public or private sector in Wellington, New Zealand. This allowed the researcher to identify Māori perceptions of trust and Internet shopping. Because of the small sample size, results may only be generalised to a small population. However, Creswell (1994) and Yin (1994) claim that the result of case research is not to

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