Chapter 66
How Can E-Vendors Create Trust in B2C and C2C Contexts?

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ABSTRACT

One of the most important and the most difficult challenges in the context of an online as opposed to an offline purchase is how to generate consumer trust. It is likely that the signals that generate trust will differ in online C2C auctions from online B2C purchasing through other Websites. This chapter follows signaling theory and presents a model that attempts to capture the effects of Website signals and perceived risk on consumer trust and draws comparisons between C2C and B2C online contexts using multigroup analysis. Using information collected from a sample of online buyers, results show that vendors should stress the quality of information given to the client on C2C Websites, the offer of a wide variety of competitive prices, and the guarantee of meeting deadlines, whereas in the case of B2C sites there seem to be a series of factors that create trust in a balanced way.

INTRODUCTION

Internet has led to unprecedented growth in new forms of consumer exchange, wchih now stretch beyond traditional sales channels. Purchases from B2C (*business-to-consumer*) websites and purchases between individuals or C2C (*consumer-to-consumer*) figure among the different forms of Internet purchasing. In C2C commerce, the most widely known is the eBay-type auction, which has spread significantly in recent years. Other forms of C2C electronic commerce take place through forums and chat sites (Jones and Leonard, 2007). In fact, P2P (*peer-to-peer*) systems have greatly aided the growth of product exchange between individuals (Plouffe, 2008).

There are similarities between auction systems and sales through other websites, such as the inherent benefits of convenience and low costs for the consumer, as well as drawbacks such as virtual and anonymous sales and the difficulty in assessing product quality prior to purchase. Likewise, there are

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certain differences between online B2C and C2C sales, such as the degree of connection that consumers experience when relating to other consumers through the sales portal. In fact, the C2C sales portal acts as a kind of community (Plouffe, 2008) where there are many sellers and buyers who exchange in a more impersonal way than through other websites (Kim, 2005; Yen and Lu, 2008a). Despite these shortcomings, the C2C sales system between individuals evidences certain problems that are more successfully resolved in B2C sales. These problems can be opportunistic price rises, delivery delays, post-sales services for the client, and processing consumers' private details, which provides essential input for the successful closure of a transaction (Chen *et al.,* 2008).

Thus, it is fundamental for both the firm (in B2C exchanges) and for the individual (in C2C exchanges), to know how to generate trust and understand perceived risk so as to achieve satisfactory sales relations in an online context (Constantinides, 2004; Jones and Leonard, 2007; Chen *et al*., 2008). *Ever* since the study of online sales began, the need to mitigate the consumer's lack of trust in commercial sales over the Internet has been considered essential (Yoon, 2002; Ha, 2004), and this is also true in the context of P2P electronic commerce (Wang *et al.,* 2008). Salo and Karjaluoto (2007) reviewed the role played by trust in an online setting. A fundamental dual objective is to reduce consumer uncertainty over the honesty of the firm behind the website, and to prove its ability to effectively supply quality products purchased through this medium. Trust is mentioned in previous studies as a key variable needed to stimulate marketing of products through the Internet (Bart *et al.*, 2005; Lee *et al.*, 2005; Vrechopoulos *et al.*, 2004). Trust can generate a set of positive beliefs in the consumer concerning the firm's future behavior (Ganesan, 1994), which impacts purchasing intention, satisfaction, and consumer loyalty (Gefen, 2000; Yoon, 2002). However, generating trust in the online buyer can depend on the online sales system, which is precisely the topic explored in the present chapter. Using the terminology of Mayer et al. (1995: 715), we here assess the trustee's traits (e-vendor and website characteristics in our study) that can engender shoppers' trust therein.

Following increased research into online contexts in recent years, the study of C2C sales systems is gaining ground, although most works explore the types and mechanisms of the auction system (Kwon *et al.,* 2002; Park and Bradlow, 2005, Gopal et al., 2007), pricing (Kung *et al.,* 2002; Tu, 2008, Rice, 2007; Lee *et al*., 2009), purchase behavior through auctions (Weinberg and Davis, 2005; Peters and Bodkin, 2007), and the factors influencing auction purchasing (Black, 2005; Shehryar, 2008). As pointed out in a number of recent works, further inquiry into these types of inter-individual exchanges is needed.

The *objectives* of this chapter are the following: 1) to study the signals that can generate trust in electronic commerce; 2) to analyze the differences that emerge when generating trust through the signals which a firm sends out from its website in the context of sales through eBay-type auctions (C2C online sales) versus sales through other websites (online B2C sales). More specifically, we posit that trust may be earned by offering guarantees, privacy and security policies, service quality, and website design, and may also diminish due to perceived risk. We have no record of comparative studies on trust generation in these two contexts of electronic sales and when reviewing the literature we were only able to find the work of Jones and Leonard (2007), who compare their results in a C2C context with those of other studies obtained in a B2C context, although they fail to consider either signals or trust.