THE USE OF VIDEO TO MEDIATE THE DEVELOPMENT

OF TRUST IN AN E-MERCHANT

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By

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EXECUTIVE SUMMARY

The increasing popularity of the Internet has given rise to a far more empowered and often skeptical consumer. Information on nearly every product and service brand is available at the click of a button, ranging from company-initiated communication to comments by fellow consumers on blogs, Face Book and Twitter. For both offline and online companies the challenge inherent to this is that consumers are steadily refusing to be influenced by traditional communication media, and in stead seek to shape their own opinions by searching the Internet. In addition, e-merchants often face a globalised marketplace where they compete many similar and substitute offers available. Communicating with the consumer in such a way that the brand message is accepted, trusted and acted upon would seemingly require a whole new communication paradigm. The significant increase of video popularity online, as well as future predictions of video consumption, opened up another perspective on the communication challenges and requirements presented by the Internet.

Subsequently this paper investigated the ability of online video to mediate the development of trust in the e-merchant, against the following objectives: (1) determining the drivers of consumer trust in an online environment, (2) investigating the perception of trust in an e-merchant in the absence of video, (3) investigating the perception of trust in an e-merchant in the presence of video and (4) investigating the impact of video mediated trust drivers on the consumer's willingness to purchase and recommend the e-merchant.

The drivers of online consumer trust was identification through an extensive literature review, after which a framework for online trust was developed that in turn influenced the survey design and the measuring of subsequent data collected. To ensure robust results and significant external validity, the research survey tested the perceptions of trust in an online debt counseling company: the brand's typical target market includes anyone who earns a salary, and the overall perception of the industry is poor with low levels of trust in the debt counseling process. The survey was presented as a competition that was emailed out, thus restricting the population to those with Internet access. The overall sample group was formed through voluntary participation, and

depending on the speed of their Internet connection, respondents either formed part of the control or the test group. Both groups were required to view the DebtSafe website, but the test group was also able to view a video on this site. In addition, three interviews were conducted with two Managing Directors and one Chief Executive Officer of companies that employed video on their websites as part of their digital marketing strategy. Limitations encountered during the research project refers to limited time available which deterred broader studies across wider ranging age groups and industries, as well as insufficient funding for a full statistical analysis of the final results.

The final results strongly suggested that video mediated the impact of each one of the identified trust drivers, resulting in an improved perception in the trustworthiness of the brand as well as its website. In addition the results also suggested that video has the ability to change the affective state of a person coming onto the website, thereby reducing the influence of external factors on trust perceptions, such as negative press coverage. The results therefore make a strong case for the use of video to bridge the divide between companies in a hyper-competitive environment and empowered consumers, by building trust during the first encounter with the brand.

In summary, it is suggested that businesses in a 'clicks' environment, or those in a mortar & bricks environment that maintain a degree of online presence, would do well to consider the prominent usage of video on their websites as a means of mediating trust between the consumer and the online brand.

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Bandwidth

"Bandwidth refers to how much data you can send through a network or modem connection. It is usually measured in bits per second, or bps." (TechTerms.com, 2011)

Brand

"Any brand is a set of perceptions and images that represent a company, product or service. While many people refer to a brand as a logo, tag line or audio jingle, a brand is actually much larger. A brand is the essence or promise of what will be delivered or experienced" (Persuasive Brands, 2011).

E-merchant

A company that sells goods or services online.

E-Commerce

"E-commerce is the sale of products and services over the Internet" Chen and Dillon (2003: 303)

Gigabyte (GB)

Generally considered a large data section. 1 Gigabyte (GB) = 1,024 Megabytes (MB) (The Free Dictionary, 2011).

Kbps

A unit with which the data speed of a network or modem connection is measured, of which the most basic version in South Africa is 56Kbps, with faster lines offering up to 500Kbps.

URL

"URL stands for "Uniform Resource Locator." A URL is the address of a specific Web site or file on the Internet, for example www.google.com." (TechTerms.com, 2011)

User Interface

"The design of websites with the focus on the user's experience and interaction. The goal of user interface design is to make the user's interaction as simple and efficient as possible, in terms of accomplishing user goals." (Wikipedia, 2011)

Online Video

A collection of creative made up of both audio and visual stimulants that may or may not include special effects, and which can be displayed through a number of online channels such as YouTube and/or a company website.

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LIST OF ABBREVIATIONS

WWW: World Wide Web

CEM: Consumer Empowerment Model

TAM: Technology Acceptance Model

PEOU: Perceived Ease Of Use

PU: Perceived Usefulness

PE: Perceived Enjoyment

CHAPTER 1: THE RESEARCH PROBLEM IN CONTEXT

1.1. Introduction

This dissertation aims to investigate the possibility of using video as a communication bridge between company brands and their target markets, by establishing trust in the e-merchant.

The challenge posed here is that brands have to engage with a whole new breed of consumer, created by the marriage between rapid advances in information technology and subsequent leaps in the development of Internet applications. The present day Internet consumer is spoilt for choice and possibly price, and is able to verify the quality of their options at the click of a button. It would seem that Henry Ford's iconic, choice-deprived customer has finally changed the tables.

1.2. Problem Context and Review

The way in which brands and customers communicate with each other appears to be changing. Ogilvy, the man often referred to as the father of Advertising, defined a brand as "the intangible sum of a product's attributes: its name, packaging, and price; its history, its reputation, and the way it's advertised" (Postman, 2009). This description also extends to services.

To establish and maintain favourable customer perceptions of these attributes, brands dominated the channels through which such information would pass. Using all above the line (e.g. TV, Radio, Print) and below the line channels (e.g. direct mail, kiosks etc) to advertise, they delivered carefully crafted campaign messages to their target markets, and in turn these markets

relied, out of necessity, on the information provided via these channels when making their purchasing decisions (See fig. 1 below). As far back as 1998, Fournier (1998) argued that customers do indeed feel manipulated and agitated in a market where the flow of information is controlled by the brands, resulting in a tense and strained relationship.

Fig.1. Traditional view on brand-to-consumer communication

Whilst change may be the only constant in the business world, perhaps more challenging for brand managers than change itself, is the rate at which change accelerates: overall productivity in US business grew (on average) at 1.4% from 1977-1987, 1.7% from 1988-1997 and 2.7% from 1998-2007 (Wesbury, 2008). These increases appear to have been fuelled by technological advancements, particularly in the field of communication technology.

One such an advancement was a project conceived by the US Department of Defense's Advance Research Projects Agency (DARPA), which developed the Internet as a means of connecting various computer networks. In addition, the European Particle Physics Laboratory in Switzerland developed the World Wide Web (www) as a means for users in remote sites to share project information. The Web subsequently became the user interface that allowed users to access information in the Net. Yet for practical purposes and intent, the term Internet also refers to the Web (Kini and Choobineh, 1998).

Recognising the growing demand for increased access to information, manufacturers of personal computers had much to gain by developing more affordable and portable versions. Data line capacity also continued to expand (compare 56Kbps to current 1Gbps bandwidth), as did online applications that opened up the Internet (via the Web) even more, including search engines (e.g. Google, Yahoo) and applications to encourage social interaction (e.g. Facebook, Twitter).

These changes fuelled the popularity of the Internet, and with that an entirely new communication paradigm unfolded: one with accessibility, speed and reach at its core, which continuously accelerates the rate at which users do business, maintain friendships and ultimately, consume products and services.

As far as the Internet's influence on consumers' consumption habits is concerned, it appears to have affected change in two significant areas:

- <u>Where they choose to find product information</u>: in 1995 there were only 16million users on the Internet, and a mere 15 years later (2010) that figure has grown to 1,971million users (Internet World Stats, 2010). According to an IBM (2009) survey, personal PC time is now comparable to TV time. In addition, the study also revealed that consumers are increasingly filtering advertising, as they opt for various ad-skipping tools such as PVR. These findings are supported by Ries and Ries (2002) who argue that more and more consumers avoid advertisements because they are distrustful of the content.

- <u>The format in which they choose to accept information</u>: 2009 showed a 124% increase in viewings of online video. This in part was due to YouTube views increasing from 6.3 billion views in January 2009 to 13.2 billion in December 2009 (Richmond, 2010). According to

Schonfeld (2009), Cisco forecasted that by 2013 an estimated 90% of all consumer IP traffic will be video based.

So whilst brands were able to differentiate on the basis of a clearly defined and well-communicated brand offer in the past, it would seem that these advances in information technology has significantly affected the directional flow of brand communication. As per fig. 2 below, it is suggested that the decision making process is no longer restricted to company regulated information. A consumer can now access a broad spectrum of information about almost any product, including reviews and testimonials from other users. In a relatively short time, the Internet has empowered customers to not only talk *about* brands, but to also talk *back at* brands, via personal blogs and social media applications.

Fig.2. Changing brand-to-consumer communication on the Internet
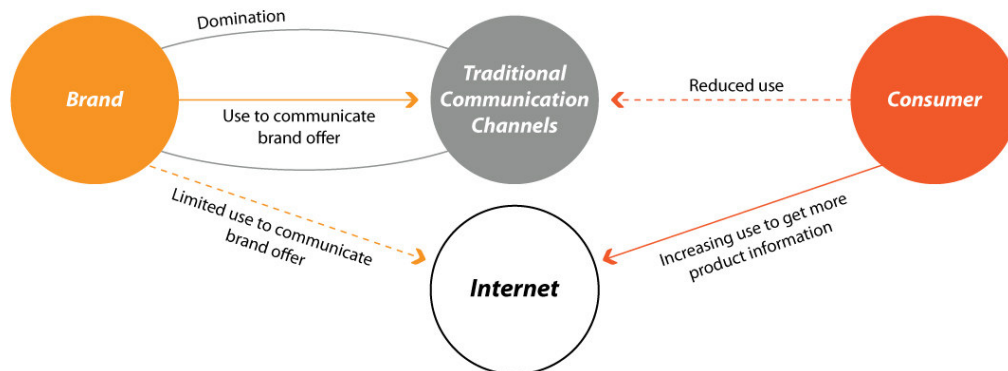
With open and free product information available at a click, it stands to reason that traditional marketing channels, as well as the advertising agencies that use them to build and maintain brands, are under pressure. Survey results in the US revealed that few advertising agencies knows how to make the transformation from traditional to digital marketing, in particular because their

cost structures are driven by traditional above the line advertising (Morrissey, 2008). As a result, advertising agencies appear to continue selling traditional media placement (TV, Radio, Billboards etc) to brands, with little or no regard for a digital advertising component.

This may be exacerbated by a traditionalist view on communication held by the brands themselves. Whilst few companies today do not maintain an Internet presence via a website, relatively few are actively using it to engage consumers in a relationship. This suggests that brands continue to prefer communication via traditional (and proven) communication channels, whilst statistics show that consumers are increasingly migrating towards the Internet to seek information and validate choices (Internet World Stats, 2010).

Although this explosion of information availability over the past 15 years offered some distinct advantages to consumers, it appears as though the open nature of the Internet has also resulted in a more skeptical and disillusioned approach to brands and their offers. Consumers were (and continues to be) exposed to the uncomfortable truths behind many successful brands, such as the Nike sweatshops, the Coca Cola contaminations in India, the benzene contamination of Perrier water, plastic extenders in Nestle baby milk and Government secrets on Wikileaks, to name a few. Behind the carefully crafted brand images, consumers found many practices that affected their beliefs that brands are willing and able to act ethically and in the consumer's best interest. Denegri-Knott, Zwick & Schroeder (2006) went as far as describing the state of affairs between consumers and brands as antagonistic, with consumers viewing the market as a system designed to exert power by manipulating consumers. The rising of various anti-brand online communities, described by Kucuk (2008) as the modern day form of boycotting the establishment, seems to support the authors' argument, for example www.killercoke.org; www.ihatestarbucks.com; and www.walmart-blows.com

In summary, it could be argued that the typical consumer profile has changed significantly in terms of processing brand communication, as well as the new rules of the purchase exchange that seem to touch upon issues of power and trust. If it is true that the consumer has changed, then one might ask "how would brands need to adapt their communication in order to remain relevant in an e-commerce environment fraught with choice and trust issues?"

1.3. Problem Statement

Following the critically reflective view on the way that technology has changed the traditional communication relationship between brands and their target markets, it stands to reason that a new way is required to re-connect the brand with the distrustful consumer and in an environment dictated by the latter.

Subsequently the following problem statement is proposed:

The use of video mediates the development of trust in an e-merchant.

1.4. Objectives of the study

Following the above statement, the main objectives of this research were formulated as follows:

- Objective 1: To identify the drivers of consumer trust in an e-commerce environment.

- Objective 2: To investigate the perception of trust in an e-merchant based on the identified drivers of trust.

- Objective 3: To investigate the ability of video to mediate the impact of the identified drivers of trust when interacting with the e-merchant.

- Objective 4: To investigate the influence of video mediated drivers of trust on the consumer's intent to purchase and recommend.

Objective one sets out to determine what the drivers of consumer trust are in an e-commerce environment, specifically when interacting with an e-merchant. These drivers will then be presented as a framework against which to measure objectives two and three. Objective two requires that once these drivers have been identified by means of an extensive literature review, they will be used to gauge the perception of trust that a consumer has in an e-merchant, whilst interacting with the latter's website. Objective three sets out to investigate to what extent, if at all, the presence of a video on the same site will positively influence the perception of trust in the e-merchant. Finally, objective four will aim to investigate the extent to which the presence of video is able to mediate the perception of trust, by measuring a consumer's willingness to purchase and recommend the product.

1.5. Limitations/ Delimitations

In reviewing the limitations of this research project, thus referring to the inherent design flaws of the proposed research project (Coldwell and Herbst, 2004) the existing time frame for completion of the research project has significantly reduces the scope of the project, particularly in terms of the age profile of the selected target group. Subsequently it will not be possible to track correlations that might exist between age and affinity for video, with particular reference to those that have grown up with the Internet, and those who were introduced to it at a later age. This may or may not have a significant influence on the results. In addition, the time constraints prevent

the verification of results with a second test group as well as testing the effect of video in a Business-to-Business environment.

Another limitation refers to the subject of the research material. Some people might decline participation in the survey based on the fact that it relates to debt counseling and financial problems in general. Furthermore, the fact that video is used could suggest that there might be issues with downloading the video due to insufficient bandwidth, which could adversely impact the willingness of a respondent to continue with the survey.

Delimitations, referring to the limits imposed on this study in order to narrow it down (Coldwell and Herbst, 2004) pertains to the population group from which the sample size will be drawn: because the research will test the perceived trustworthiness of an e-merchant, participants will need to have a basic level of Internet literacy as well as access to an Internet connection. The age of respondents is limited to 20 and up, because the chosen e-merchant's website content is only relevant to someone who is earning a salary and has payment obligations.

A final delimitation imposed refers to the nationality of the population group: only South African citizens will be considered. Although the Internet supports a global market, the relevance of the study will be applied mostly in a South African context and as such, the study is more interested in this group's online perceptions of trust.

1.6. Importance of the Study

If knowledge is power, then the Internet has raised a powerful generation of consumers that arguably know more about products, competitor offers and peer reviews than any consumer generation prior to the advent of the Internet.

It is within this new paradigm that brands need to find a new and relevant way to communicate value – to this end the Internet is littered with articles on engaging customers online for greater revenue. Perhaps what is needed most of all, is a multi-faceted, consumer-centric communication approach to reach target markets in an accepted and meaningful way, ensuring brand trust which is so critical for survival in a rapidly changing competitive landscape.

This study will investigate to what extent video might act as an intermediary between the consumer and the e-merchant's website, establishing and perhaps even increasing the perception of trust in the brand. Should such a link be established, it could improve the way in which businesses communicate and build relationships with Internet savvy consumers.

1.7. Summary

This chapter investigated the background and context of the problem, being the widening gap between Internet empowered consumers and brands that operate in an offline context, with particular reference to consumer communication. It also revealed possible Internet related trust issues amongst customers, and suggested that the traditional methods of brand building may not suffice on the Internet. It subsequently suggested the possibility of using video as an online trust mediator between the consumer and the e-merchant, and presented objectives to be researched. It also raised the limitations and delimitations relevant to the proposed research project, specifically mentioning the issue of time constraints as a limitation to the research project, and the delimitations of the target population. This chapter concluded by highlighting the importance of this study, emphasizing the need for finding a means of online communication that inspires trust in the e-merchant.

CHAPTER 2: PROBLEM ANALYSIS

2.1. Introduction

The one main challenge inherent in this study is that information technology, specifically the Internet, has fuelled a significant change in the world of business, requiring traditional offline businesses to meet consumers online in order to secure their future survival. Even if brands don't plan on actively engaging in e-commerce, Ghosh (1998) suggests that pressure from competitors and/or customers is expected to force them to do so in the near future. Porter (2001) suggests that operating on the Internet is a basic requirement for sustaining future business, and warns that those companies refusing to embrace the use of the Internet will not be able to survive.

In addition, the previous chapter also suggests a power shift from the brand to the Internet consumer, resulting in a consumer with a different profile to those in an offline context. This could present another set of challenges to brands moving into the e-commerce environment. This chapter seeks to explore the theoretical undercurrent of these perceived changes and subsequent challenges.

2.2. The Internet: e-commerce and communication

The Internet appears to have changed the traditional model of doing business, affecting the power balance that existed within offline industries. In order to assess the level of power and competition on the Internet as an overall industry, the reapplication of Porter's (2001) five forces model (fig. 3) offers a useful departure point.

Fig.3. The balance of power on the Internet
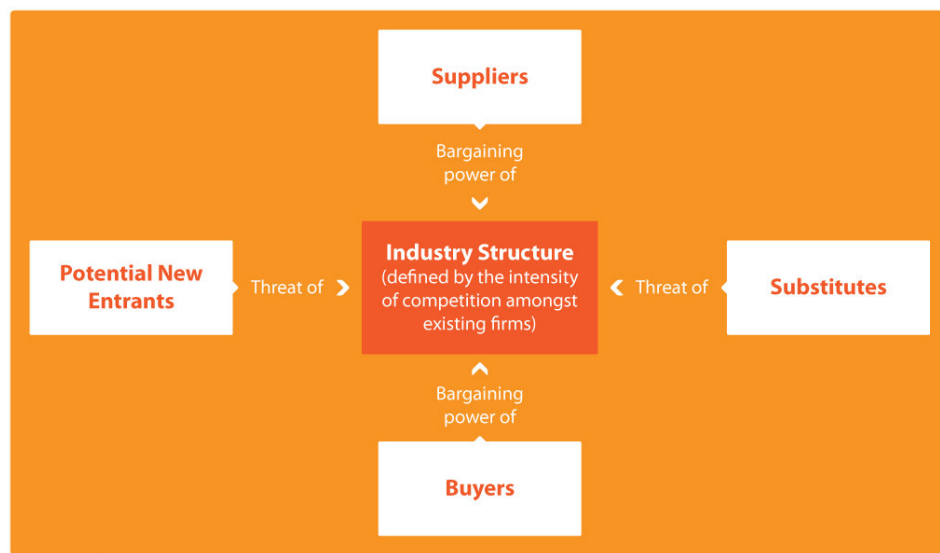
According to Porter (2001) the Internet has opened up a marketplace that no longer faces many of the traditional entry barriers in the original model, such as ownership of buildings and a sales force. Often potential new entrants only need a website to start an e-business, resulting in an industry structure that pitches established brands with significant offline investment against purely online businesses with much lower operational costs. The open nature of the Internet offers businesses a direct link to the consumer and as such, it might also imply that in certain industries, the supplier also becomes a potential competitor by offering the customer direct access to their products and services.

As a central meeting point for consumers across the globe, the Internet also seems to be encouraging a global marketplace. Through a basic Google search, customers may be able to not only source a great variety of the same product, but also relevant substitutes. However, one might also argue that offline restrictions such as import duties can influence complete free trade and

as such, competitors and substitute products could be restricted to a national level only, in certain industries.

Whilst the original five forces model suggests 'sheltered' areas for existing industry players, particularly in the form of entrance barriers, there now seems to be very little left, leading Porter (2001) to suggest that most of the trends on the Internet are negative when viewed from a perspective of 'industry attractiveness'. In what he calls the 'Paradox of the Internet', he notes how the factors which make the Internet so very appealing to the consumer, such as the greater availability of information and the general smoothing of the whole purchasing process from contact to logistics, does in fact also make it a lot harder for a company to translate benefits into profits.

From a consumer (buyer) perspective, the increased availability and variety of products, as well as possible access to substitutes (depending on the nature of the product) could represent significant bargaining power. Schultz and Kitchen (2000) plotted these changes of power in the marketplace by noting that it has moved from being manufacturer-driven (where the customer met the manufacturer directly, and the latter held most of the power) to being distribution-driven (where the manufacturer relinquished much power to the distribution centres of their products, such as malls), to now being an open Interactive Marketplace (the Internet). This new structure is expected to encourage far more intensive levels of competition within industries on the Internet, driven by empowered consumer demand.

Schultz and Kitchen (2000) suggests a theoretical framework of the driving forces that are active in this new Interactive Marketplace, specifically also highlighting the changes this will have on traditional marketing communication. These forces include (1) Digitalisation, (2) Information Technology, (3) Intellectual Property and (4) Communication Systems, which might provide a starting point for assessing how changes in the competitive environment have influenced the online brand-consumer relationship.

Digitalisation

Digitalisation refers to the ability to transfer almost all knowledge and practices into a digital format. The effect appears to have been both positive and negative, presenting opportunities for new business models (eBay), whilst rendering others redundant (film based photography) (Schultz and Kitchen, 2000).

Information Technology (IT)

Information Technology may be viewed as the tool (referring to both hard- and software) that continues to increase and improve access to online markets. It could be argued that IT is one of the key drivers fuelling the move towards a global economy (Schultz and Kitchen, 2000).

Intellectual Property

The authors echo Porter's sentiments that the true advantage in the digital age will come from intangible assets, as opposed to being rooted in the traditional tangible assets. Such intangible advantages would include knowledge, processes and systems, as well as a deep understanding of how the consumer's usage patterns at the end of the communication line has changed (Schultz and Kitchen, 2000).

Communication Systems

Of particular relevance to understanding the online relationship between brands and consumers, is the driver that Schultz and Kitchen (2000) refer to as Communication Systems. The Internet seemingly presents an opportunity for true dialogue between consumers and brands, unlike most other media channels that mostly offer one-way communication. The authors also suggested that communication flow in the Interactive Marketplace (see fig. 4

below) is mostly unrestricted and as such, controlling all aspects of brand communication online would be an exercise in futility.

Fig.4. Managing brand communication in an online context
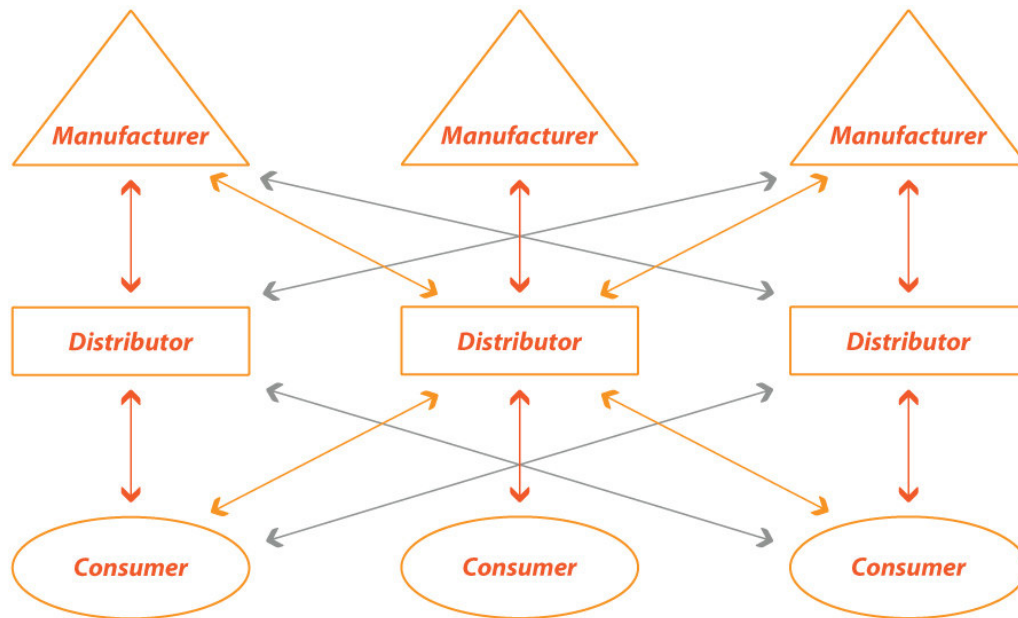
With communication taking place on so many different levels and across so many channels, it could be argued that brands and consumers require a new communication paradigm: brands may need to investigate how to engage consumers in meaningful dialogue that will keep them from straying to other suppliers of similar or substitute products. Conceivably, the move towards online brand building could rely on cooperation between brand and consumer versus earlier brand strategies of customer coercion.

2.3. Consumer Empowerment: technology acceptance & trust

Kucuk (2009) proposed the Consumer Empowerment Model (CEM) as per fig.5 below, addressing this shift in the balance of consumer power in the

online environment. The model is particularly useful in that it suggests several drivers of consumer empowerment.

Fig.5. Consumer power and trust on the Internet
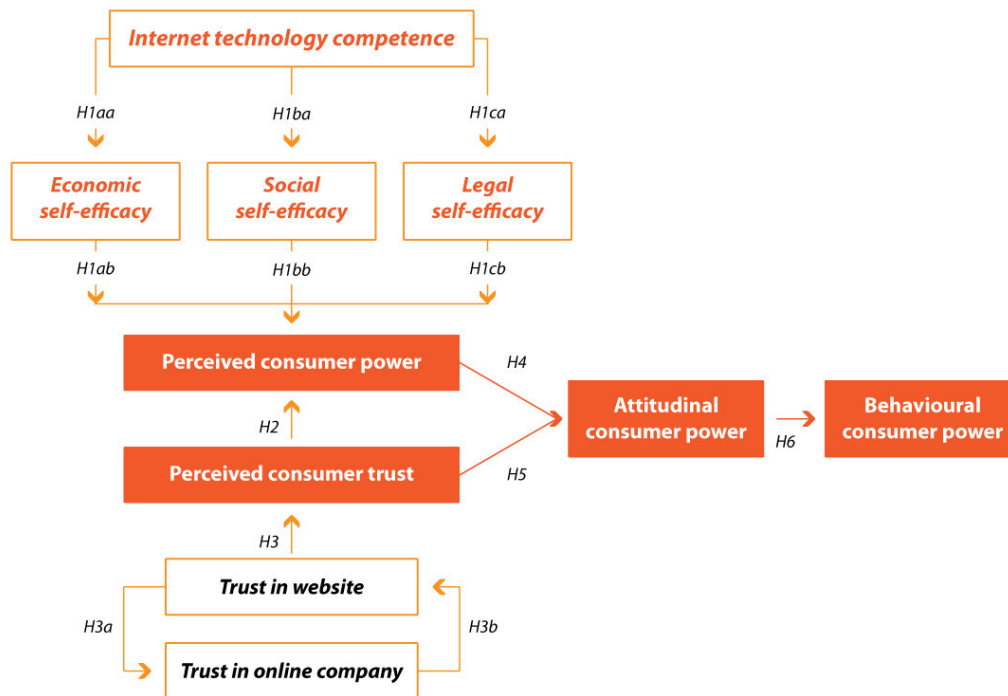
The two constructs that stand central to this model, being Perceived Consumer Power and Perceived Consumer Trust, rests in the perceptive realm, and only once the conditions for each have been sufficiently met, does power translate to attitudinal power and before finally manifesting as behavioural power. It is thus suggested that buying power starts out as a psychological state affected by both trust and competence, and only once the consumer regards these as sufficient, does it translate into real and measurable actions such as a purchase.

In summary, it would therefore appear as though power is both dependant on an ability within the consumer, i.e. being comfortable with using Internet

Technology, but also on their perception of trust that is informed by the e-merchant's company (brand) and website. The constructs of technological skill and trust, is subsequently explored below, as a means of better understanding the drivers of consumer power and as a result, the requirements of the new communication paradigm required to reach the online consumer.

<u>*Technology Acceptance*</u>

Although it is suggested that the Internet was instrumental in empowering the consumer, much of this power is dependant on the consumer being present and active on the Internet. One might therefore argue that the extent of power is rooted in the consumer's ease of interaction with the Internet and as such, depends on many more factors than just being able to receive and distribute product information.

The CEM model suggests that feeling competent using Internet technologies will in turn, affect a user's economic, social and legal efficacy on the web. A truly empowered consumer will thus be able to find a product of best value and best price, know how to communicate with the brand and related online communities and finally, and easily access his/her rights as a consumer of a particular product (Kucuk, 2009). All of these actions require a certain degree of skill which would have had to be learned at one stage or another and thus it would be worth asking what motivates consumers to use information technology at all, considering the relative degree of complexity involved?

Venkatesh, Morris, Davis & Davis (2003) suggested a unified view on the Technology Acceptance Model (TAM), identifying the most influential constructs influencing a consumer's propensity to use technology. These constructs include Performance Expectancy (also known as Perceived Usefulness: PU), Effort Expectancy (also referred to as Perceived Ease of Use: PEOU), Social Influence and Facilitating Conditions (Fig. 6 below).

Fig.6. Using and accepting online technology
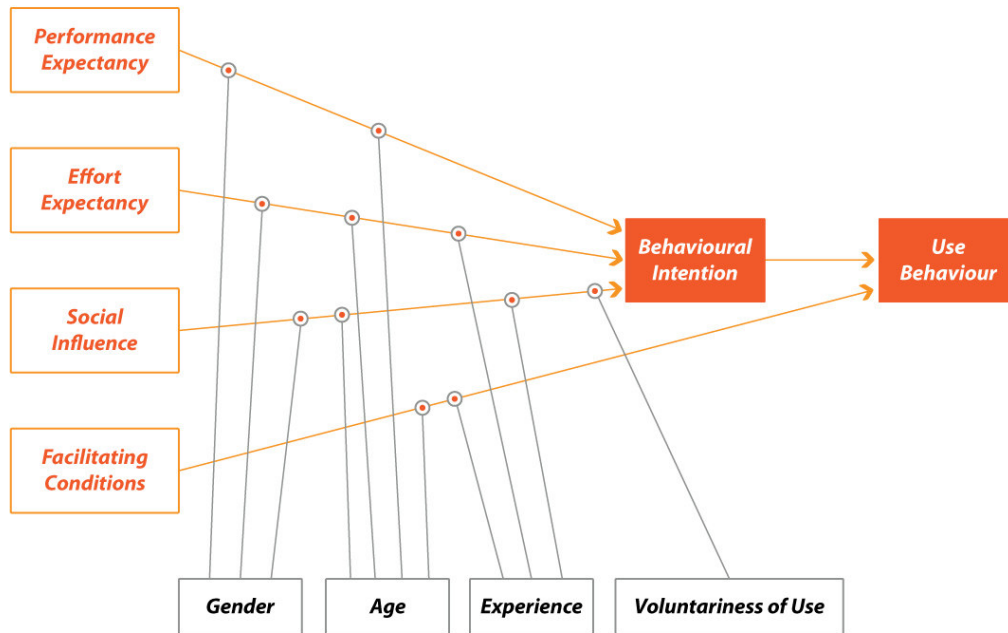
Of particular interest is the model's suggestion that a user will be keen to use technology if it delivers an advantage to him (PU), is easy to use (PEOU) and if other people whom he values, believe that it should be used (consider the rate at which friends of friends signed up for the use of Facebook). Reflectively this might also suggest some of the reasons for the popularity of online video: it is easy to access, the information is easy to assimilate (compared to reading the same amount of text) and social pressure often leads users to a YouTube video link, be that through a forwarded email, links on Facebook and so forth. The authors also studied the influence of gender, age, experience and voluntariness of use on the constructs noted. Gender and age appeared to be the most influential on both PU and PEOU. Men and younger people were shown to be most willing to accept and learn a new technology if it will provide them with an advantage. On the other hand woman and older people were more inclined to accept and learn a new technology if they perceived it as easy to use.

Whilst the TAM model particularly refers to the use of technology in the workplace, many adaptations for online commerce have followed. Though the basic constructs have remained, it would seem that trust is often added as a key component when evaluating a prospects acceptance of (and willingness to use) online technology, with specific reference to the research model suggested by Gefen, Karahanna & Straub (2003) as per fig. 7 below. Here trust is placed alongside Perceived Ease of Use and Perceived Usefulness. It therefore appears as though the technology itself has to be trusted, before it will be accepted and used.

Fig.7. Trust as a component of technology acceptance
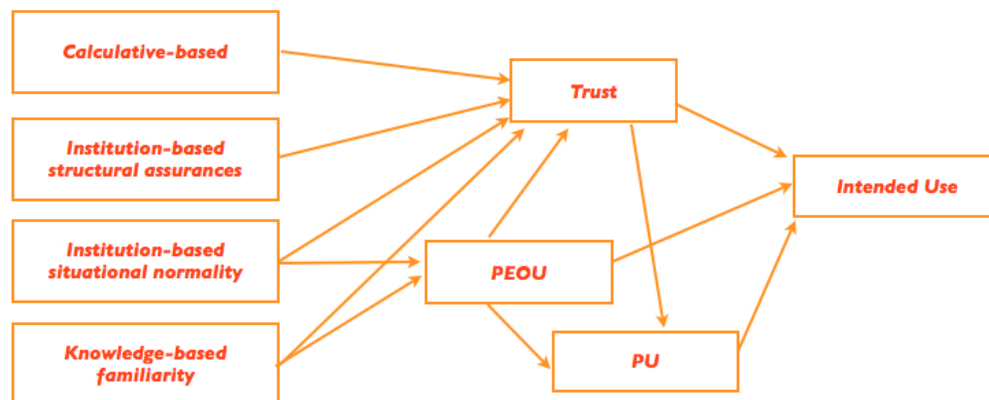
<u>Customer Trust</u>

Kucuk's (2009) Consumer Empowerment Model also addresses the notion of trust, but here the author views it as a critical building block of power and suggests that consumer trust is made up of two types of trust: trust in the website and trust in the online company.

To offer a deeper insight into what constitutes trust in the company and the website, Ha's (2004) model for the formulation of brand trust and commitment on the web provides some further useful insights in how trust in both the

brand and the website should be viewed and managed. The author's model suggests that such trust requires the fulfillment of six different dimensions, being security; privacy; brand name; word-of-mouth; experience and information (fig. 8 below).

Fig.8. Dimensions of online trust
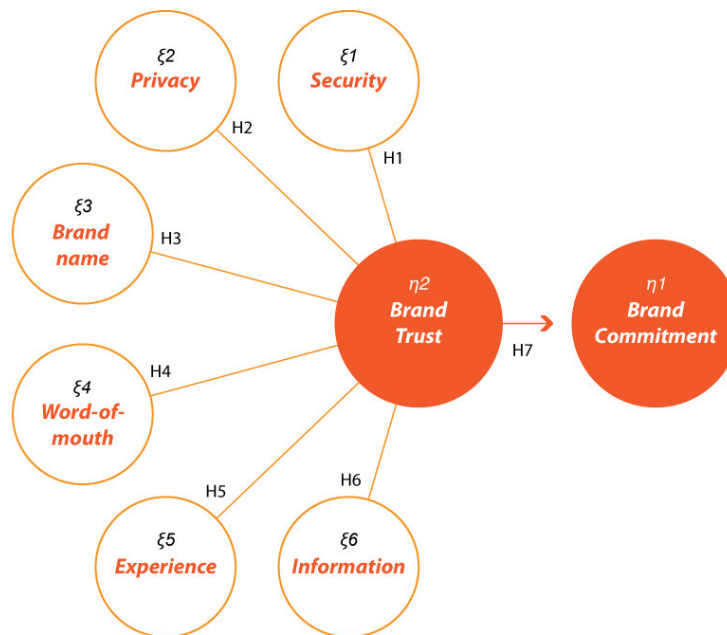
Of particular interest to the study in this paper, are the dimensions of Brand Name, Experience and Information

When gauging the trustworthiness of a website from a consumption viewpoint, the brand name in the offline environment will often be used as a yardstick for online trust. As such, one cannot totally discount the importance of building the brand in an offline context (Ha, 2004). This also suggests that brand building in an online context might receive more attention in the future, as some brands move to an entirely online context, as Amazon has done.

The 'experience' dimension is defined as the online experience of a consumer whilst browsing the brand's site and has been suggested as one of the most influential dimensions of brand trust online. What constitutes a good experience? Ha (2004) suggests that online communities significantly contribute to a positive experience. One might argue that it is the opportunity for a consumer to talk back and be heard, which may improve the seemingly uneasy relationship between consumers and e-merchants. This also appears to support an earlier observation that dialogue, where both parties have the opportunity to speak and be heard, is becoming a valuable proposition in the online environment.

In terms of the value of the online experience, Ha (2004) further suggests that it increases when the website content is regularly updated and customized to the customer's needs. Also included in this dimension is the general appearance of the website. It could be argued that this is because people use visual input as the most influential indication of risk and opportunity. It needs to look professional and navigation must be easy and intuitive, bearing in mind that a consumer will now be 'browsing' the aisles in a different context. Conceivably this also ties into the TAM dimension of 'ease of use' (PEOU) because the easier it is for the consumer to find and process required information, the higher the experience is rated.

Remaining relevant and contextual is arguably just as important for the online website as it is for a physical store/office selling similar goods/services. This also refers to website content, focusing on Ha's (2004) 'Information' driver: an improved message processing system is likely to increase the positive perception of the online experience

2.4. Summary

This chapter revealed some additional complexities underlying the initial issues identified in the online environment being e-commerce and consumer empowerment. It suggested that e-merchants face significant challenges on the Internet, especially when viewed from a competitive viewpoint. Finding a suitable communication paradigm for online brands have also emerged as another area of concern in the online environment. Finally, an important link was observed between consumer empowerment, the ability to use the Internet and trust in the brand and its website.

CHAPTER 3: LITERATURE REVIEW

3.1. Introduction

The previous chapter identified the underlying issues relevant to the use of video as a mediator of trust in an online environment. These include the role of the Internet as a technology that influences consumer empowerment, as well as subsequent issues of acceptance and trust of the e-merchant and the service/product on offer. These issues will be further explored in this chapter, in particular focusing on the concept of trust, both from the viewpoint of the consumer and the online brand. Please note that for the remainder of this paper, products and services will collectively be referred to as products.

3.2. The Internet as e-commerce platform

Beldad, de Jong & Steehouder (2010) observed that the Internet is the most influential technological development to affect the business world in the recent past, due to its ability to facilitate transactions across time and space. Schultz and Kitchen (2000:3) agreed by stating that: "The impact of digitalization on business and their marketing and communication activities has been so immense that we seem scarcely to have scratched the surface of changes it will create". However, the Internet was originally designed as an open structure to facilitate research projects across various geographical and time barriers and not as an electronic commerce platform (Ratnasingham, 1998). Several authors agree that the use of the Internet as an e-commerce platform therefore presents significant challenges (Ratnasingham, 1998) with particular reference to trust issues (Kini and Choobineh, 1998). Porter (2001) concurs by pointing out that the greatest advantages of the Internet, being its transparency and availability of information, also presents significant disadvantages to both consumers as well as traditional 'mortar and bricks' companies making their way into a 'clicks' environment.

The consumer and the Internet

According to Pires, Stanton & Rita (2006) the extent of consumer empowerment depends on four factors, being (1) the number of value propositions available to the customer, as well as the quality thereof, (2) the consumer's knowledge of the available value propositions in the market, (3) the ability of the consumer to access more information regarding his/her particular need, and (4) the extent to which a consumer is able to access these offers, taking into account various constraints for example geographical and economical constraints. Porter (2001) suggests that consumers loyalty in an online environment will continue to decrease, as consumers become more aware of the wide range of value propositions available to them as well as the relatively low switching costs, thereby increasing their power. Similarly, Harrison, Waite & Hunter (2006) observed that the traditional balance of power between brands and consumers were supported by a state of information asymmetry, and that the Internet is eroding this power platform by making information available to everyone, including information that was previously only available to professionals. The authors further indicated that consumers did indeed experience a sense of empowerment through the use of the Internet.

In addition to making information more widely available, the Internet also appears to facilitate the process of searching and evaluating information. Both Moon (2004) and McGaughey and Mason (1998) suggests that the Internet significantly reduces search costs by making the process more effective and efficient – saving the customer time, money and effort. The authors attribute this to the availability of information anywhere and anytime, as well as to the quality of information, presented in multimedia formats (sound, text, visuals) which they believe enhance learning and improves the overall effectiveness of the search. However, McGaughey and Mason (1998) also indicated that not

all mediums will convey the message equally successfully and that much research is still required to determine which is the most effective.

McGaughey and Mason (1998) further expands on the value of the Internet by suggesting that it not only supports the information search stage, but that all five stages of the classical buyer-decision making process are satisfied in one location, from problem recognition, information search, evaluation of alternatives, purchase decision and finally post-purchase behaviour.

On the other hand, Ghosh (1998) argues that the openness of the Internet, and subsequent perceived risk, might deter consumers from taking full advantage of the Internet as an e-commerce platform. The author further adds that this risk refers especially to perceived payment and delivery risks. McGaughey and Mason (1998) agrees that a consumer's level of trust in the Internet will determine the extent of his/her activity on the Internet, suggesting that those with a low level of trust will only use it as a tool to gather more information about a value offer, and no more.

Porter (2001) also adds that in certain cases doing business on the Internet presents drawbacks for the consumer, when compared to an offline store. For some products the absence of the tangible product and direct advice hampers the development of trust in the item. The author furthers states that the absence of face-to-face contact deprives a consumer of the ability to learn more about the supplier and to subsequently gauge the trustworthiness of the merchant.

Company brands and the Internet

Several authors have argued the advantages for businesses to migrate some, if not all of their commerce activity to an online environment, with particular reference to the size of the market that is no longer constrained by

geographical boundaries, as well as the ability to reach customers directly (McGaughey and Mason, 1998; Porter, 2001). McGaughey and Mason (1998) elaborated on the advantages of the Internet as an e-commerce platform by suggesting that the Internet offered a brand two critical advantages, the first being the ability to market more efficiently. The author argued that the Internet creates a playing field of equals amongst sales staff and that traditional hurdles such as physical appearance and ethnicity seizes to influence the sale. On the other hand Porter (2001) argues that the lack of an actual sales person's presence eliminates an important part of the sale, being the encouragement to purchase through instruction, comments or advice. The second important advantage offered by the Internet is said to be the extent of after sales care as well as customer support (McGaughey and Mason, 1998).

Yet there appears to be significant disadvantages for companies trading on the Internet. Porter (2001) suggests that communication with consumers will become increasingly difficult when considering the vast size of information and offers available on the Internet. Pires, *et al.* (2006) supports this view, by highlighting the challenges inherent to online trading, in particular because the consumer's access to competitor offers cannot be controlled. De Chernatony (2001) also argues the point, stating that consumers are no longer passive receivers of information but instead view themselves as 'co-creators of value' and as such reduces the power of the brand even more.

Accordingly, Urban, Sultan & Qualls (2000) believe that brands will need a new communication paradigm to reach the empowered consumer, arguing that the traditional model of business-to-consumer marketing has changed to 'customer-to-business' marketing (C2B). The authors suggest that in this new marketing model customers will demand not only the best products, but also insist on a lower price. Their suggestion that quality will become a key driver of purchase decisions on the Internet, is also supported by Reichheld and Schefter (2000). This highlights a possible challenge for companies on the web, namely finding ways to turn a profit in an environment where price

transparency and information accessibility has become the norm (Porter, 2001). However, despite the focus on price Reichheld and Schefter (2000) (2000:107) put forward that "Price does not rule the web. Trust does'.

3.3. Trust in an e-commerce environment

3.3.1. The concept of trust

In a seminal piece on trust, Mayer, Davis & Schoorman (1995: 712) defines trust as " the willingness to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor (the trusting party), irrespective of the ability to monitor or control that party". Thus for a state of trust to exist, there also needs to exist a certain degree of perceived risk in a situation – without it there is no need for trust (Barney and Hansen, 1994; Lewis and Weigert,1995; Mayer, *et al.*, 1995; Kini and Choobineh,1998). So whilst risk is integral to trust, trust itself refers to the *willingness* to take the risk (Mayer, *et al.*, 1995). In other words risk does not affect trust, but instead trust mediates the level of perceived risk (Pavlou, 2003).

According to Mayer, *et al.*, (1995) the degree of trust within the relationship is further said to depend on the characteristics of the two parties, being the trustor (the trusting party) and the trustee (the trusted party). In their definition of trust, McKnight, Choudhury & Kacmar (2002) pre-qualified the characteristics of the trustor as being benevolent, competent, honest and predictable, whilst Mayer, *et al.*, (1995) argued that the extent of trust in the trustee as well as the perceived risk associated with the situation will influence whether or not a trustor will take a specific risk.

Barney and Hansen (1994) suggests that there are three types of trust depending on the degree of vulnerability contained in the situation. In weak

form trust, a party's perception of its own vulnerability in a relationship is low and thus the trustworthiness of the other party would be considered high. With semi-strong form trust there is still a significantly high level of trust between parties because these relationship are governed by external devices that prevent the other party from acting in an opportunistic way.

However, Barney and Hansen (1994) argue that it is during strong form trust, also referred to as 'hard-core trustworthiness', that trust exists despite the presence of extensive exchange vulnerabilities. This type of trust is therefore present in the absence of regulations and other external mechanisms, and exists because opportunistic behaviour on either side would in fact violate the psychological agreement between the parties (Barney and Hansen, 1994). Ratnasingham (1998) refers to this trust as a 'moral duty', whilst Jones and George (1998) refers to it as unconditional trust – a trust that drives the parties to do the right thing because the affect generated by doing so provides a significant reward. It is also this particular form of trust that Barney and Hansen (1994) considers a source of competitive advantage, in particular where the trustworthiness is low amongst a group of competitors and where such perceived trustworthiness is exempt of low-cost imitations. In business relationships such trust is critical because it enables risk-taking (Luhmann, 2000) and creates further opportunities for increased coordination and cooperation amongst business parties (Ratnasingham, 1998). Koehn (1996) agrees by arguing that trust is a critical element to successful exchange and the building of long-term relationships in the business world.

Yet several researchers believe people to have an intrinsic predisposition to trust. They argue that trust is the default starting position in any new relationship (Barney and Hansen, 1994; Mayer, *et al.*, 1995; Kramer, 2009), with some authors suggesting that it is critical to all social relationships (Lewis and Weigert, 1995) yet rarely considered in a conscious manner (Kramer, 2009). Research used by Jones and George (1998) that references the work of Luhmann (1980) suggests that people prefer to start out trusting that the

trusted party shares the agreements of exchange in the relationship, simply because it is a more agreeable and convenient emotional state than to start out distrusting. Trust can also reduce transaction costs by the very fact that it enhances the confidence and assurance in a relationship (Handy, 1995). Starting out from a trusting perspective is also a state necessary for survival in a social based society, where people need to interact with each other all the time in order to get what they need (Williams, 2001). However, this initial trust is fragile and fleeting (McKnight, Cummings & Chervany, 1998), and needs to be substantiated by other sources in order to endure.

McKnight, *et al.* (1998) suggests that initial trust is made up of three factors, namely an individual disposition to trust, institution-based trust (which is trust in the system) and cognitive-based trust (developed through various cognitive cues). On the other hand Weber, Maholtra & Murnighan (2005) opens up an interesting area by making a case for emotion as a fourth factor, arguing that emotional attachment can motivate a trustor to take a risk in the absence of cognitive-based, logical evidence. Similarly Lewis and Weigert (1995) believes that trust is a combination of logical reasons of why the party can be trusted (cognitive trust) and the affective feeling for the object of trust (emotional trust).

3.3.2. Trust on the Internet

In exploring the concept of trust online, Corritore, Kracher & Wiedenbeck (2003) argues that an understanding of online trust should be built on the wide range of studies already conducted on offline trust. Lee and Turban (2001) (2001:79) have defined online trust by revising the offline definition of trust by Mayer, *et al.*, (1995) to read: "Consumer Trust in Internet Shopping (CTIS) is the willingness of a consumer to be vulnerable to the actions of an Internet merchant in an Internet shopping transaction, based on the expectation that the Internet merchant will behave in certain agreeable ways, irrespective of the ability of the consumer to monitor or control the Internet merchant".

Shankar, Urban & Sultan (2002) added to the above definition by stating that these transactions pertains specifically to those taking place via an electronic medium and more specifically the vendor's website.

Corritore, *et al.* (2003) identified a number of commonalities between offline and online trust: being that exchange stands central to both and is hampered by risk, fear, costs and other complexities. In both instances there is also a willingness of one party to be exposed and vulnerable based on the expected behaviour of the other party. However, the author further argues that online and offline trust differ with regards to the object of their trust. In an offline context these objects are typically a person or even an organization (as discussed earlier). In an online environment the object becomes both the Internet (the system used for transacting) and the company (brand) using the technology (Lee and Turban, 2001; Beldad, *et al.,* 2010).

Both Lee and Turban (2001) and Pavlou (2003) considers the trustworthiness of the Internet Merchant, as well as the trustworthiness of the Internet as an e-commerce platform as critical to the overall level of a consumer's willingness to trust Internet shopping. Pavlou (2003) further suggests that this presents unique challenges as online brand trust essentially hinges, in part, on a medium representing unpredictability and thus significant risk.

Importance of online trust

Trust is considered pivotal when aiming to build online relationships with clients (Corbitt, Thanasankit & Yi, 2003) and is even more important than in an offline environment (Ratnasingham, 1998), in particular because trust is a precursor to on-line loyalty (Reichheld and Schefter, 2000). Trust is also considered responsible for generating consumer activity online (Jarvenpaa, Tractinsky & Vitale, 2002): it impacts on both a customer's risk perception as well as attitude and that in turn improves the willingness to buy online (Jarvenpaa, *et al.,* 2002), as well as increasing the actual intention to buy

online (Gefen, 2000). Urban, Amyx & Lorenzon (2009) considers online trust as the mediator between an Internet site and the purchase decision.

Various authors go on to suggest that building trust online is critical in achieving a sustainable competitive advantage through the development of long-term relationships on the Internet, and the subsequent improvement of overall business performance (Urban, *et al.*, 2000; Corbitt, *et al.*, 2003; Ha, 2004). According to Keen (1997:80), it has become "clear that we aren't moving toward an information economy, but a trust economy based on information and technology".

Both Urban, *et al.* (2009) and Lee and Turban (2001) suggests that the lack of trust is considered the most profound barrier preventing consumers from engaging in e-commerce scenarios online and as such, whilst making the case for the development of a climate of trust. According to Pavlou (2003) both trust and perceived risk are antecedents to the intention to purchase, and therefore the overall mitigation of uncertainty is required to facilitate user acceptance of e-commerce. Beldad, *et al.* (2010) and Hoffman, Novak & Peralta (1998) both elaborated by suggesting that online risk is considered significant especially in as far as the protection of privacy and security of user information goes. However both Corbitt, *et al.* (2003) and Hoffman, *et al.* (1998) suggests that users can still have a reasonable amount of trust in e-commerce despite the perception of considerable risk, and will partake in e-commerce even though they view it as risky behaviour. Gefen (2000) explained that consumers tend to believe that a web vendor will refrain from opportunistic behaviour. That said, Bart, Shankar, Sultan & Urban (2005) found that the determinants of trust does vary in influence across industries and their respective consumers.

Antecedents to online trust

Lee and Turban (2001) suggested that the lack of online trust has three antecedents (origins) that could outweigh the advantages of the transaction

progressing without a problem, namely (1) uncertainty about the outcome of an Internet shopping activity, (2) the outcome's dependency on the Internet merchant's moral sense of obligation because the user effectively has no leverage in a virtual environment, and (3) the negative fall-out should a transaction go wrong. The lack of regulation on the Internet (Gefen, 2000; Corbitt, *et al.*, 2003) as well as the unpredictability of communication between two parties on the Internet (Ratnasingham, 1998) is also suggested as contributing to the perceived risk of engaging in online purchases.

A number of authors (Ratnasingham, 1998; Reichheld and Schefter, 2000; Gommans, Krishnan & Scheffold, 2001; Corbitt, *et al.*, 2003) have identified the lack of physical proximity, or 'lack of touch', as another critical reason why trust in the virtual identity of the vendor is hard to achieve. It is argued that these interactions often lack the authenticity of a promise that can only be made by a real person during the sales process (Gommans, *et al.*, 2001) and that it denies users the ability to read body-signals, which serves as visual cues, during a transaction (Ratnasingham, 1998; Ridings, Gefen & Arinze, 2002). In this particular regard Nohria and Eccles (1992) in Ratnasingham (1998) identified three barriers to online trust (1) not being together in one physical space, (2) the lack of what they call 'human-bandwidth', referring sensory input from sight, audio, smell, taste and touch, (3) the inability to interrupt, get feedback and learn from the company representative.

On the other hand Gefen, *et al.* (2003) presented some antecedents of online trust, which included (1) a conviction by the consumer that the vendor had nothing to gain by being dishonest, (2) a belief that the website had built-in safety mechanism, (3) a typical user interface, (4) and a website that is easy to use. McKnight, *et al.* (2002) also suggested that structural assurances built into the website, for example third party security seals, as well as the vendor's reputation are antecedents to online trust.

Similarly Ha (2004) suggested that the formation of web trust is influenced by a complex interrelationship of various components, which are mainly considered to be security, privacy, brand name, word of mouth, a positive online experience as well as the quality of the information. The overall e-commerce reputation of the brand as well as the website in particular is said to also influence trust, as does the user's proficiency on the web (Corbitt, *et al.*, 2003).

In addition Urban, *et al.* (2009) suggests that a number of consumer characteristics influence the perception of online trust, including their confidence in the usage of the Internet, past experiences on the Internet as well as well as the entertainment value encapsulated in a particular Internet experience. Propensity to purchase on a website was found to be higher when there was more trust in e-commerce in general, but also when they had more experience in using the web (Corbitt, *et al.*, 2003). Sultan, Urban, Shankar & Bart (2002) found trust to be the mediating variable between the company's website, the consumer's characteristics, and the eventual intention to act.

McKnight, *et al.* (2002) suggested three types of commitment that is indicative of a prospect's intention to trust, being (1) commitment to provide personal information, (2) commitment to buy and (3) a commitment to act on information provided by the vendor. Urban, *et al.* (2000) suggested that online trust comes to pass during a three-stage, cumulative process that (1) establishes trust in both the website of the brand, as well as the Internet, (2) fosters trust in the reliability of the information on display and (3) builds trust in the fulfillment of delivery and service promises. The author considered the latter the most important of all, and went on to propose that those companies that do manage to foster online trust, can expect greater loyalty as well as a willingness to pay a premium price for the product.

3.4. Understanding the Trustor in an Online Environment

Mayer, *et al.*, (1995) argues that the exposure of risk is always greater for the trusting party than for the trusted party, whilst research in both offline and online environments have differing views on the factors that affect the trust threshold of the trusting party. The following three factors appears to be the most influential and popularly accepted factors:

3.4.1. Attitude towards and acceptance of technology

Van der Heijden, Verhagen & Creemers (2003) suggest that there are two critical differences between online and offline customers, being:

(1) online customers have to interact with technology, as opposed to a sales person. Whereas most people are taught how to interact with other people from an early age, interaction with technology (the Internet in this case) presents a whole new framework of interaction. Luhmann (2000) suggests that people therefore continue to shop offline because they have no perceived need, no interest and no knowledge of how to shop online.

(2) The level of trust required. Online customers are required to exhibit more trust in the relatively unknown, yet at the same time have less tangible markers to base that trust perception on.

According to Gefen (2000) trust plays a critical role in consumer acceptance of Internet technology. Kim and Moon (1998) suggests that this trust will not only be between the consumer and the Internet vendor, but also between consumer and the medium for accessing the Internet, i.e. the computer. Similarly Corbitt, *et al.* (2003) put forward that a prospect would first have to trust the concept of the Internet and e-commerce as a whole before it gets to a point where a particular website can be evaluated for trustworthiness.

Egger (2001) suggested that the degree to which the Internet itself is trusted, will depend on the expertise and familiarity of the user with regards to online interaction, whilst Sultan, *et al.* (2002) mentioned that previous experience on a particular website is also an important factor. Those users that utilize the Internet for a wide range of activities from socializing to finding more product information, is believed to be more likely to trust the Internet (Urban, *et al.*, 2009) and subsequently also an online vendor (Corbitt, *et al.*, 2003). Corbitt, *et al.* (2003) furthermore suggested that there is a positive correlation between experience on the Internet and the degree of trust in an e-commerce website. In addition Aiken and Boush (2006) found that there was a positive relationship between novice and intermediate users and Internet trust, but that this relationship turns negative for intermediate to advanced users. Furthermore, the more users on the web the higher the concern for privacy and security may become, thus lowering trust again (Corbitt, *et al.*, 2003). To this end Beldad, *et al.* (2010) argued that with increased use of the Internet comes a greater awareness of things that could go wrong, and therefore increased experience on the web could also serve to reduce online trust.

According to Corbitt, *et al.* (2003) the trustworthiness of the actual technology underwriting the online transaction is critical to consumer trust, whilst Gefen, *et al.* (2003) argued that a website is a type of technology and that a user's acceptance of this technology will influences his/her willingness to transact online. Succi and Walter (1999) argued that in such a case a consumer would be willing to make changes in his practices as well as dedicate time to learning a new information technology.

As discussed earlier, the Technology Acceptance Model (TAM) suggests that there are two drivers that significantly influence a user's acceptance of technology (as well as the intention to use technology) namely Perceived Ease of Use (PEOU) and Perceived Usefulness (PU) (Venkatesh and Davis, 2000). Although originally developed for organizational context, several authors have also applied the TAM's relevance to other areas, including e-

commerce (Moon and Kim, 2001; Pavlou, 2003; Pikkarainen, Pikkarainen, Karjaluoto, Pahnila, 2004).

According to Davis, Bagozzi, Warshaw (1989) PU is considered the primary determinant of a person's intention to use a computer whilst PEOU is considered an important secondary determinant. This view was echoed by Venkatesh and Davis (2000) in subsequent research, whilst Pikkarainen, *et al.*, (2004) also suggested PU to be more influential than PEOU. Van der Heijden, *et al.* (2003) viewed PEOU as an antecedent to PU and not really influential on attitude formation at all. On the other hand Moon and Kim (2001) suggested that within an e-commerce environment, the influence of PEOU is the most dominant and influential on consumer attitude towards technology. Egger (2001) presented a similar viewpoint by arguing that the PEOU of a website is perceived to be an indicator of a company understanding of and caring for, the consumer, thus contributing to further feelings of trust. In web studies Moon and Kim (2001) also found PU to be significantly less important than PEOU.

Moon and Kim (2001) further identified what they believe to be another factor influencing the acceptance of technology, namely Perceived Playfulness (PP). Van der Heijden, *et al.* (2003) refers to the same construct as Perceived Enjoyment (PE), and these two terms are used interchangeably throughout various research papers. PE is considered the 'intrinsic motivation' component of the TAM model, which Van der Heijden, *et al.* (2003) believes to be a direct determinant of user acceptance of technology. Moon and Kim (2001) identified three dimensions that constitutes PP, relating to how a web user (1) perceives that his attention is focused on the interaction with the web, (2) is curious during the interaction and (3) finds the interaction intrinsically enjoyable or interesting.

In summary it appears as though PE is an important addition to the TAM model's influential dimensions of PEOU and PU, when used to measure a prospect's acceptance of technology in an e-commerce context.

3.4.2. Emotions and Mood

Although trust research has traditionally veered towards a focus on the cognitive side of the trust formation process (Schoorman, Mayer & Davis, 2007), some research is now supporting the fact that many trust decisions are in fact made in affect-rich contexts (Dunn and Schweitzer, 2005). Schoorman *et al.* (2007) expanded on their original cognitive based model of trust (Mayer, *et al.*, 1995), noting the influence of affect on the antecedents of trust. Lewis and Weigert (1995) suggests that the formation of trust depends on a combination of cognitive and affective components whilst Jones and George (1998) viewed the final trust perception to be multi-dimensional, based on a combination of attitudes (informed by knowledge of the trusted party), values (influencing the standard of trust aspired to) and affect (emotions and moods).

Simon (1982) in Jones and George (1998) defined emotions as high-intensity affective states that have the ability to interrupt cognitive process and actions in progress. Weber, *et al.* (2005) further suggested that certain emotional attachments could be strong enough to override cognitive input during the evaluation of risk in a particular situation, causing the trusting party to extend trust without sufficient cognitive evidence supporting it. Jones and George (1998) also argued that emotions are connected to specific events and situations, and can be recalled with the same intensity as it occurred in previous situation. This is because emotional memory is stored in the amygdala and hypothalamus of the brain that allows the emotional picture to be recreated based on recall triggers (Henry, 2009). On the other hand the author explains that moods are less intense and not as disruptive to the cognitive process. Importantly, both are considered specific (tied to a particular event or person) and general (one emotion/ mood can occur in a

variety of settings and situations). In addition, both emotions and mood are fickle to a certain extent, because they can change over time, unlike values and attitudes.

According to Williams (2001) affective responses influence the evaluation of the degree of trust extend by the trusting party to the trusted party. Whether from a conscious or unconscious position, affect was shown to shape all phases of trust development, from the starting perception of trustworthiness through to the long-term development of trust. Jones and George (1998) supports this view by suggesting that both mood and emotion are critical to the understanding of trust, for three reasons in particular:

(1) The experience of trust personifies affect. According to Williams (2001) a trustor will often revert to the feelings - be it a strong feeling (emotion) or a more demure feeling (mood) - he has for a person, as a means of informing his trust experience.

(2) Current affective states influences the perception formed during an engagement requiring trust, as stated by Jones and George (1998) based on the works of Schwartz, (1990). According to Dunn and Schweitzer (2005) these incidental emotional states may not necessarily be related to the trust situation at hand but will nonetheless be misattributed, and significantly impact on the formation of trust: people in positive emotional states were significantly more willing to trust than those with a negative emotional state. Kruglanski and Freund (1983) agrees by stating that the current emotional state of a person affects the way that news received in that state is perceived, and that the initial perception formed is the most pervasive throughout the situation, regardless of whether additional information to the contrary is received later.

(3) The expectations in a trust relationship are to some extent emotional by nature, as the violation of these expectations usually elicits a significant emotional response (Jones and George, 1998).

In addition Dunn and Schweitzer (2005) suggests that sometimes the decision itself is affect-rich and will therefore also influence the formation of trust (for example selecting a daycare centre for your child).

Trustworthiness as an emotion has also been attributed to the successful completion of commercial transactions (Handy, 1995). Kim and Moon (1998) claims that this is also possible in an e-commerce environment, in particular where the consumer-interface has been designed in such a way that it elicits emotional response. Egger (2001) noted that the first reaction of a user, upon entering a new site, is most likely to be emotional by nature whilst Karvonen (2000) found that consumers made intuitive, emotional decisions about the trustworthiness of a brand based on the appearance of website. To this end Kim and Moon (1998) advised that an user interface could be designed to trigger informative emotions that could assist with trust formation in the system itself, and eventually in online purchasing. The authors further believe that it is also possible to design such emotionally engaging interfaces that could appeal to a widespread audience, alluding to the possibility that there are a number of common emotional denominators influencing decision making in a particular industry (Kim and Moon, 1998).

3.4.3. Character trait: propensity to trust

According to Kini and Choobineh (1998) personality, and in particular a person's propensity to trust, is one of three factors influencing online trust. Mayer, *et al.* (1995:715) defines propensity to trust as "the general willingness to trust others", stating that it will determine the amount of trust a party is willing to invest in another *prior* to information being available about the party

being trusted - a situation Gefen, *et al.* (2003) also refers to as giving a 'trust credit'. According to Mayer, *et al.* (1995), the amount of trust which a trustor (trusting party) will place in a trustee (trusted party) will not only depend on the characteristics of the trustee, but also on a number of characteristics of the trustor himself – specifically referencing the trustor's propensity to trust. Propensity to trust is viewed as a specific personality trait and is also referred to as 'personality-based trust' (Lee and Turban, 2001; Gefen, *et al.*, 2003), the development of which is dependant on personality and developmental history (Mayer, *et al.*, 1995). The authors suggest that this trait is stable across all situations, but Sitkin and Pablo (1992) instead views risk propensity (for risk is inherent to trust) as being situation specific.

Gefen (2000) considers the propensity to trust a more powerful determinant of trust in an online environment than familiarity and that it has an overall positive effect on the development of trust. Lee and Turban (2001) suggested that the propensity to trust could either intensify or reduce the effect of website attributes on the overall perception of trustworthiness. On the other hand Koufaris and Hampton-Sosa (2004) was not able to statistically prove that a person's propensity to trust necessarily facilitated the formation of online trust when the user was not familiar with the e-vendor.

3.5. Trust and the Trusted Party

3.5.1. The e-merchant brand

Electronic commerce relies strongly on consumer recognition of online businesses as trustworthy merchants (Pavlou, 2003). When there is no other information available, a person will rely on the brand as a quality signal to provide comfort in an online setting. A brand can in fact provide a higher perceived comfort online than in an offline environment (Degeratu, Rangaswamy & Wu, 1999) by reducing perceived risk (Ward and Lee, 2000;

Gommans, *et al.*, 2001). Online brands can also increase customer loyalty (Reichheld and Schefter, 2000), reduce user search costs (Ward and Lee, 2000), and is essentially key to building strong relationships online (Urban, *et al.*, 2000).

In a popular study, Jarvenpaa, *et al.* (2002) concluded that consumers would have trust in a webstore based on two factors, including the reputation of the company, otherwise also described by them as having a reputable brand name. This suggests that offline brands with a strong brand reputation might enjoy a higher degree of trust in an online environment. Bart, *et al.* (2005) noted that such is the ability of brands to inspire trust, that brands with strong brand equity receives an instant trust advantage when transferring to an online environment. Egger (2001) also added that strong brands create trustworthiness even before the trustor access the site.

In a large scale study on website credibility, Fogg, Soohoo, Danielson, Marable, Stanford & Tauber (2002) found that when it came to the finance sector, the impact of the brand name's recognition value as well as its reputation accounted for 21,8% of the credibility perception of an e-merchant's site. Schoorman *et al.* (2007) also found customers experienced higher levels of trust in the presence of a branded online store. Bart, *et al.* (2005) noted that this effect is strongest for those sites requiring high-involvement decisions by the user, for example finance and automobile sites, up to the point where brand name itself becomes the single biggest driver of online trust for high-involvement decisions. The authors also suggested that a brand name has a greater ability to mediate online trust in those individuals with higher education, than in those without.

Urban, *et al.* (2000) suggested that online trust can be created, and risk reduced, by developing online customer communities on the brand's website, with the specific intention of providing customer feedback. Thorbjornsen, Supphellen, Nysveen & Pedersen (2002) noted however that novice to

intermediate users are more likely to be influenced by third-party observations and peripheral cues, than experienced users. Subsequently online communities are more effective at mediating trust with novice and intermediate users than with experienced users.

5c found that when a brand engages with the consumer in such a way that the consumer perceives it as enjoyable, the overall perception of brand equity (and therefore trust) increases. Similarly, Ghodeswar (2008) argued that a brand should seek to appeal to its target audience on an emotional level, in order to make its message heard. To this, De Chernatony (2001) added that to engage with customers, online brands should both be 'responsible and responsive', noting the importance of human behaviour of the brand during online engagement.

According to Mayer, Davis & Schoorman (1995), there are three common characteristics of the trustee (the party being trusted) that affects trustworthiness, being ability, benevolence and integrity. In referring to the trustee, the authors considered these three characteristics to be applicable across various trustworthiness dimensions, including interpersonal, inter-group and on organizational level. Several authors (Lee and Turban, 2001; Jarvenpaa, *et al.*, 2002; McKnight, *et al.,* 2002) have subsequently incorporated these three characteristics as critical drivers for online brands when it comes to creating perceptions of trust in the e-merchant brand (trusted party).

With the term 'ability' Mayer, *et al.*, (1995) referred to the particular skills and competencies that the trustee display, whilst noting that ability is domain specific in most cases. Ability is also referred to as perceived expertise or expertness (Mayer, *et al.*, 1995). Benevolence is described as the degree to which the trustor believes that the trustee will do good unto the trustor. The authors also described it as loyalty, openness, being available to the trustee as well as caring for the trustee (Mayer, *et al.*, 1995). Integrity implies that the

trustee subscribes to a moral set of principles acceptable to the trustor, also referred to as value congruence. Influencing this driver in particular is the consistency of action (Mayer, *et al.*, 1995), as well as what Reichheld and Schefter (2000) refers to as 'fulfillment'. Integrity is also otherwise described as fairness, discreetness and reliability, and Mayer, *et al.* (1995) views this as the most important driver of early stage trust, until the trustor can ascertain the extent of the trustee's benevolence. Finally Mayer, *et al.* (1995) noted that these three characteristics together create a high degree of trust in the trustee, but that more often than not they vary along a continuum.

3.5.2. The e-merchant website

According to Lee and Turban (2001) and Jarvenpaa, *et al.* (2002) the e-merchant's website (as the internet shopping medium) represents the traditional sales person in an online environment, and the degree to which the website itself is trusted will strongly influence the degree of trust in and acceptance of the Internet technology.

When it comes to trusting a website it appears as though there are a number of critical factors influencing the degree of trust imparted, whilst many authors agree that the most prominent of these are security and privacy (Lee and Turban, 2001; Ha, 2004; Urban, *et al.*, 2009). Depending on the profile of a target group (for example financial services vs. online book store), Bart, *et al.* (2005) also considers advice, brand, navigation and the absence of errors on the website to be critical in building online trust. As the importance of these factors vary across user groups, they conclude that in order for a website to elicit feelings of trust, the site content needs to be customized based on the ranking of the value of the above drivers. Ha (2004)'s model for brand trust on the internet suggested that brand name, experience and word-of-mouth are also critical drivers of trust in an e-merchant's website. Of these factors, Ha (2004) highlights experience as particularly relevant because customers expect not only a message but also a positive experience whilst on the site.

In addition Fogg, *et al.* (2002) found that the following factors, in order of importance, significantly impacted a website's credibility: 'real world feel', ease of use, expertise, trustworthiness, and custom design per user. Sultan, *et al.* (2002) added presentation and order fulfillment to all the above website characteristics, whilst Jarvenpaa, *et al.* (2002) found that the size of the website also influences the perception of trustworthiness.

In terms of the 'ease of use' of a website, Gefen, *et al.* (2003) advises that when a website interface presents a typical and customary usage style (which they refer to as 'situation-normality) familiarity is created, which in turn improves trust. De Chernatony (2001) also suggests that the way in which content is delivered should change because of the consumption patterns of users who tend to scan rather than read a website. According to Egger (2001), ease of use would therefore also include the way in which information is structured on the site, and the extent to which the user understands the industry specific language and 'buzzwords' used on the site. According to Bart, *et al.* (2005) and Hoffman, *et al.* (1998), websites can gain significant trust by empowering customers with the necessary tools to manage and assimilate the information presented on the e-merchant's website. Gefen, *et al.* (2003) also suggests that 'institution-based structural insurances' should be incorporated into websites. These could be the security and privacy marks of external providers, contact information and guarantees of privacy but also of quality (ex. a returns policy).

Weber, *et al.* (2005) put forward that the actual graphic design of the site is also critical to the perception of trustworthiness of the e-merchant (Sultan, *et al.*, 2002), whilst Urban, *et al.* (2009) concurred that website design is closely linked to trust building. Egger (2001) suggests that this is because a visually appealing site creates the impression that the brand behind it has invested a significant amount of resources in it, and will as such not benefit from opportunistic behaviour. Whilst Lim, Sia, Lee & Benbasat (2006) argued that

website design addresses a cognitive-based formation of trust, De Chernatony (2001) noted that users draw inferences on the values of a brand based on its visual appearance and the subsequent feelings these evoke. According to Chiagouris and Wansley (2000), the visual elements used on a site has two important functions, namely to capture the attention of the user that is new to the site as well as to impart an awareness of what the e-merchant does.

Karvonen (2000) and Egger (2001) opened up another interesting perspective by observing that users tend to make emotional decisions about the trustworthiness of the e-merchant based upon the visual look and feel of the site. This view is supported by a wide scale study conducted by Fogg, *et al. (2002)*, where 46.1% of all respondents relied on a website's surface qualities, presented as visual cues (website's design and appearance), to inform their perception of a website's credibility. Urban, *et al.* (2009) believe the design of a site with visual integrity to be important for two reasons: (1) much like a well designed offline store, a visually appealing online store will instill a perception of professionalism with the user, (2) a well-functioning website that is easy on the eye encourages users to spend more time on this site, thus also facilitating purchase intent. According to Kim and Moon (1998) these visuals can be presented in such a way that it elicits an emotional response of trustworthiness from the user. Research by these authors in an online banking scenario revealed that websites without visual imagery created feelings of distrust, whereas multi-dimensional and dynamic visuals improved users perception of trustworthiness. Findings by Gross and Levenson (1995) suggested that of all the various communication tools available, film was the most influential when it came to eliciting common target emotions amongst respondents, attributing this to the combination of visual and audio input.

3.6. Proposed Model

Following the literature review, a theoretical model is offered to explain the use of online video to instill brand trust in consumers in an e-commerce environment (see fig.9 below).

Fig.9. Research model: The use of video to mediate trust in the e-merchant
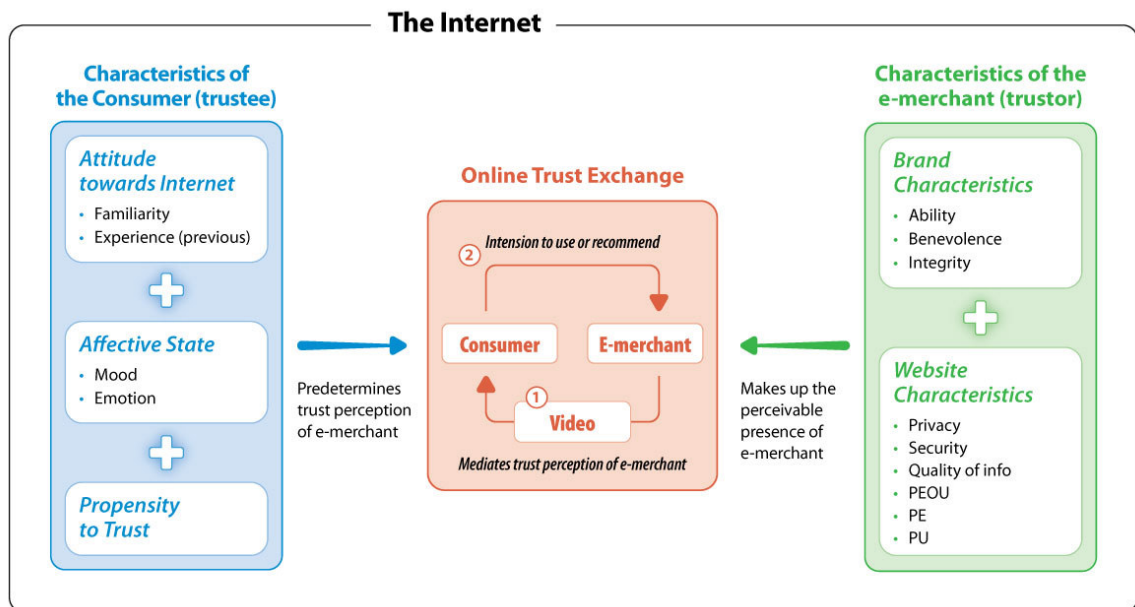
The model is focused in particular on the initial relationship-building phase, before trust has had the chance to be substantiated by the e-merchant's actions. The model suggests that the online trust relationship is dependant on three critical dimensions, being the characteristics of the consumer, the characteristics of the e-merchant and the trust exchange between the two parties in the relationship.

From the consumer perspective, three key characteristics of trust have been identified, being attitude towards the Internet, the emotional state of the trustee and his/her propensity to trust. The combined effect of these three

drivers creates a pre-determined state of trust prior to the user entering a brand's website for the first time.

From an e-merchant perspective, there are two characteristics that are deemed to influence the perception of trustworthiness, being the brand itself and how it is represented by various aspects, as well as the actual website's architecture and look & feel. Each of these characteristics is made up of a number of drivers that determine the total perception of each.

It is furthermore suggested that the subsequent trust exchange between the parties is often hampered by inadequacies on either or both sides of the relationship. This is where video is suggested to play a mediating role in the perception of trust in the e-merchant. It is expected that once the video has been presented to the consumer, a stronger trust perception will be created, which might then lead to the consumer either following through with a product purchase and/or recommending the e-merchant to other web consumers. It should be noted that this model does not represent every possible antecedent to online trust – instead it serves as a collection of those antecedents that emerged most frequently across a wide range of research papers.

3.7. Summary

This chapter further investigated the nature of trust between the e-merchant and the consumer in an online environment. It emerged that the level of trust exhibited by the trusting party was as much a function of his/her own propensity to trust, acceptance of the Internet as a technology and emotional state, as it is of the e-merchant's brand reputation and website.

CHAPTER 4: RESEARCH DESIGN

4.1. Introduction

The research topic is aimed at finding out how video influences the formation of brand trust in an e-commerce environment. From the perspective of a digital advertising company, this paper is not focused on finding a solution within the company, but rather within the greater market of brands to whom the company consults and are required to present solutions for brand building in a digital age. Subsequently a brand external to the company was approached – one that operates in an industry that appeals to a wide range of consumers, so that the results would be relevant and applicable to a similarly wide range of the company's current and prospective customers.

DebtSafe, a national debt counseling company, was chosen as research partner for this exercise. Their target market is the wider public (anyone who earns a salary becomes eligible for debt counseling in times of financial trouble), and their industry is known for its bad reputation. In addition, they operate in the greater financial services industry, where customers are generally more anxious and vigilant. If the research problem could be proved amongst their typical target market, despite their trust-related industry challenges, it could be possible that results would be relevant to many other businesses too.

4.2. Quantitative vs. Qualitative Research Approach

Data may be researched from two particular perspectives – qualitative and quantitative (Coldwell and Herbst, 2004). Although the latter tends to focus on numerical values and the former on gathering opinions, thoughts and so forth, the formats are often used together during research in a complimentary manner. Various techniques favour the one or the other, but as Charlesworth,

Lawton, Lewis, Martin and Taylor (2002) indicated, the methods may be applied in both research approaches, depending on the outcome required.

Although there are a number of research tools available to the research practitioner, most of those considered for this project presented time constraints that rendered them unsuitable. Tools considered but rejected included focus groups, observation and documentation. The specific use of statistical analysis in this document was also considered, but due to the significant financial implication of having the results analysed, this option was not exercised.

To ensure good reliability and validity though, both research approaches were used during data collection by employing two research instruments, being interviews (qualitative) and a survey questionnaire (quantitative), as a means of gathering primary data.

These two tools presented an opportunity to access data from different sides: questionnaires suited the greater customer market (as trusting party) well, whilst interviews better suited the need to find out more from the brands themselves, as the other party in the trust exchange.

- Three interviews were conducted with two MD's and one CEO, all of which have websites with video applications.

- In addition, a 5-point Likert scale was used to test respondents on a total of 36 questions, excluding demographics questions (see Appendix A for full questionnaire).

4.3. Sample Profile

Survey

This research project was specifically conducted in the Internet realm. Therefore, to ensure that a sample was only extracted from a population that had Internet access, the invitation to the survey was distributed via email only and the survey was exclusively conducted online.

The link to the survey was distributed via email to relatives, friends and colleagues, inviting them to distribute the questionnaire to their friends in turn. The target population had few other restrictions, as it included everyone that would be eligible to apply for debt review - this required someone to be above 18 and earn an income (or be part of a household generating an income).

Note that the survey was not focused on finding participants from a population that was in actual need of debt counseling, but rather on targeting those that would be eligible for debt counseling in times of financial crisis. This is because personal financial matters, especially when under duress, are highly private. Similar to a sequestration, being under debt review is something that people still consider embarrassing. Practical and ethical considerations therefore informed the decision to sample from this perspective, asking participants to imagine themselves in a similar situation where they would be looking for a debt counselor.

The survey was presented in a competition format, encouraging people to participate by offering an iPod shuffle to one winning entry. The advantage of this format was that it was more likely to get respondents to give up 15 minutes of their time to fill in a survey, than if it was merely an external party appealing for assistance.

Due to the prize offer, it was critical that the integrity of results be protected from multiple entries by a single individual. To this end the survey site offered a number of control tools, and those used included:

- screening and storing every participant's IP address to prevent multiple entries.

- preventing participants to revisit their answers once they've submitted the survey at the end.

At the beginning of the survey, participants unknowingly assigned themselves to either the control or the test group by choosing to follow the URL link that best matched their available bandwidth. This research project was thus conducted as a quasi-experiment because participants were not randomly assigned, yet both a test and control group were used to collect data from (Coldwell and Herbst, 2004).

It should also be noted that a limited degree of sampling bias may have been inherent to the total sample group as those with a poor internet connection (that made up the control group) may have been less inclined to respond favorably to the competition invitation. In as far as the influence of chance on the sample size is concerned, it is deemed that internet-enabled individuals across all relevant age groups had the chance of being included, as the initial distributors of the invitation (friends, family and colleagues) was distributed across all age brackets noted on the survey.

A total of 83 respondents entered the survey, but only 73 (n) completed it. Those that did not complete the survey were deleted from the sample. Of the completed group, 19 selected the control site (test-2) and 54 selected the test site (test-1). For those that selected test-1, a secondary qualifier was added to the questionnaire to determine to what extent the video was viewed. Of the 54 in the test group, seven could not watch the video at all, and was therefore

assigned to the non-video group. Another six could only partially view the video, or viewed it without audio output. These participants were removed from the total sample group, as they could not stay with the test group nor be moved to the control group (it would not be possible to determine to what extent a partially viewed video did or didn't influence perceptions, even if only in the least). The final sample sizes worked with were: test group = 41; control group = 26.

Interviews

A request for an interview were emailed to three senior executives at companies who employ video on their website, to find out to what extent online video assisted their business, it at all. All three businesses have been using online video for longer than 12 months, and it was deemed that they could provide an authoritative view on the effect of video on their business, from an online perspective. All three businesses have both an online and an offline presence, using web to assist with applications, bookings and quotation requests.

4.4. Data Collection

Primary data, being a first-hand gathering of information directly from respondents (Charlesworth *et al.*, 2002) was the only type of data collected for this research project. The collection method used for each research tool is described below:

Survey Questionnaire

The survey questionnaire was set up using a paid-for online survey application available at www.surveymonkey.com. This is a site providing

online survey tools, from setting up the survey, collecting the data to analyzing the data by setting up filters and cross-tabs.

The particular advantages of the site as survey medium were:

(1) Accessibility – respondents across South Africa could participate

(2) Easy to use – the survey was available to participants by simply clicking on the link provided in the invitation email.

(3) Online – it is a medium suited to the topic that was being tested, and naturally excluded participants that did not have Internet access.

The online survey consisted of two main sections:

Section 1

This section collected data on the participant's demographics, Internet access and quality of the connection, their general attitude towards the Internet, as well as testing the identified characteristics of the trusting party.

Section 2

This section required participants to leave the survey for a short while, whilst reviewing the Debtsafe website. There were two site options available to choose from: one for those with a slow Internet connection (test-2, that formed the control group) and one for those with a medium to fast Internet connection (test-1, that formed the test group). The visual appearance and information displayed on both sites were identical, except that the test site also displayed a video (See Appendix B & C). The video content did not add any additional information to the site, but rather an experience: it consisted of a music video produced to the corporate song, with the song words displayed at the bottom. In this section participants were first tested regarding perceived levels of trust in the DebtSafe brand (as it transpired from the website), and then on their trust in the DebtSafe website itself.

The competition time was restricted to 5 days, due to external time constraints on the report compilation. Prior to distributing the link to the survey, it was tested amongst three respondents, with the following feedback:

- One of the respondents admitted that she tried to give what she thought to be 'the right answers'. An additional reminder that there were no right or wrong answers was subsequently included in the introduction text.

- The video player did not load fully on the test site and the technical team that created the test sites subsequently corrected it by loading a smaller version.

- A fault in the online programming was also picked up and corrected.

- All participants were satisfied with the time it took to complete the survey and did not feel overburdened.

Interviews

The questions put to senior management were not formally structured as all three interviewees knew the interviewer, and subsequently the interview was characterized by a more open conversation. They were however asked in particular about the advantages they thought they were getting from having video on their sites, and if any, if and how this translated into sales. Due to their geographical dispersion (only one was in Gauteng) as well as due to time constraints, interviews were conducted via telephone, recorded on pc and then transcribed (please refer to Appendix D-E for transcriptions).

4.5. Quality considerations

4.5.1. Reliability

According to Charlesworth *et al.* (2002) the reliability of research refers to the extent to which that which was tested today, will test the same if the research was completed by a different research group, at another time. Essentially, reliability is therefore concerned with the elimination of bias in the research (Lawton, 2003).

In as far as the reliability of the research goes, great effort has been invested to ensure, as far as possible, that the population was correctly identified, that the sampling was reflective thereof and that the questionnaire was unbiased. Various forms of response bias have also been considered, and preventative measures applied as far as possible: The testing effect could change respondents' answers as they consciously/subconsciously try to change the outcome of the study (Coldwell and Herbst, 2004). This type of response bias was limited by not telling respondents what the research was actually testing. Most assumed that the DebtSafe website and brand was being tested for acceptability, as suggested by several participant comments, which was focused on the brand itself. The fact that the video was the differentiating factor was not recognized either – some participants noted that the option of giving two links to match bandwidth was a 'thoughtful idea', not realizing that it was in fact the differentiator between the two sample groups.

Another form of response bias that could undermine the reliability of the data, is social desirability (Stattrek, 2010) – when a respondent provides an answer that is considered socially acceptable. To counter this, if at least only partially, respondents were encouraged to give their honest opinions, with an upfront assurance of the safety and privacy of their personal information.   They were also reminded that the results would not be pinpointed to a particular person, but presented as a whole. However, it

could be possible that some of the results were influenced by the fact that responses were not anonymous, as contact details were required for the competition draw.

Finally, response bias may have been present during the interviews. Whilst the familiarity between interviewee and interviewer could have opened up the conversation to reveal more sensitive data about the business, it may also have been that the interviewees felt obligated to provide answers that they thought would satisfy the interviewer.

4.5.2. Validity

Validity refers to the degree to which the research tested what it intended to test (Charlesworth *et al.,* 2002). Coldwell and Herbst (2004) refer to both Internal and External validity considerations. According to the authors, internal validity is concerned with the relationship between the research intervention and the noted change in behaviour. The internal validity of the research results is believed to be rather robust, ensured by the control group that viewed the exact same website as the test group, just without the video.

External validity, also referred to as generalisability, refers to the extent to which the research findings can also be extrapolated to other scenarios (Coldwell and Herbst, 2004) – in this case to online consumers in different industries. The limited restrictions placed on the original population defined for this research, suggests that participants come from varied backgrounds with varied consumer usage patterns. The nature of the brand that was tested were also subject to much pre-conceived ideas and sensitive to trust issues – few other brands would have similar confidentiality and trust issues. It is therefore suggested that the results of this research could have a high degree of external validity/generalisability.

4.5.3. Ethical considerations

The results of this research do not reveal sensitive company data, but reveals something about every person that is tested. It exposes the sensitivities of human trust in an online environment, and more profoundly, how it can be manipulated though a sensory device such as video.

As such, the ethical considerations of this research are of a less obvious nature. Knowing how to influence perceptions via sensory manipulation, places a significant onus of responsible behaviour on an e-merchant not to exploit the method for unfair gain. For example, if video were to be used to influence people to subscribe to a service that didn't offer that which was connected on an emotional level to the consumer, then the use of video could be considered unethical.

4.6. Summary

This chapter reviewed the research theory that was applied to this project. It provided an overview of the selection of the sample group and how the data was collected with particular reference to the quantitative and qualitative measures used. It also considered reasons why the results presented in the following chapter may be considered valid and reliable, whilst also highlighting possible areas where the results may have been subject to bias. As a final consideration, the ethical use of the results was discussed.

CHAPTER 5: RESULTS AND DISCUSSION
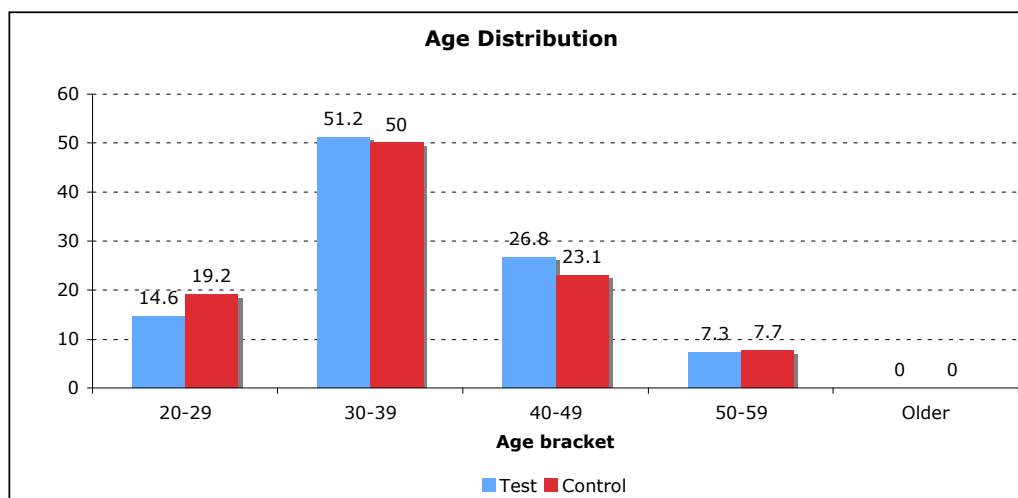
5.1. Introduction

This chapter contains the interpreted results of the survey and interviews, presented according to the research objectives set out in Chapter one of this report. For ease of reference these four objectives are again stated below:

- Objective 1: To identify the drivers of consumer trust in an e-commerce environment.

- Objective 2: To investigate the perception of trust in an e-merchant based on the identified drivers of trust.

- Objective 3: To investigate the ability of video to mediate the impact of the identified drivers of trust when interacting with the e-merchant.

- Objective 4: To investigate the influence of video mediated drivers of trust on the consumer's intent to purchase and recommend.

5.2. Demographics and response rates

Overall the survey drew 83 respondents, of whom 10 did not complete the survey and was subsequently disqualified. Another 6 could only partially view the video and was also disqualified on the basis that their responses may have been influenced to some degree by having watched the video or not having watched it. To keep results as unbiased as possible, only those respondents who fully viewed the video were used in the test group, and only those who did not view the video at all, were allocated to the control group. The final research results were drawn from 41 respondents in the test group and 26 respondents in the control group. Figures 10 and 11 below provide a graphical representation of the demographics of these two groups.

Fig.10. Age of test & control group

Age Distribution

Age bracket	Test	Control
20-29	14.6	19.2
30-39	51.2	50
40-49	26.8	23.1
50-59	7.3	7.7
Older	0	0

The above graph shows an even age distribution across the test and control group, but a significant percentage of respondents are made up from the 30-39 age bracket.

Fig. 11. Gender of test & control group

Gender Distribution

Gender	Test	control
Male	35	36
Female	65	64
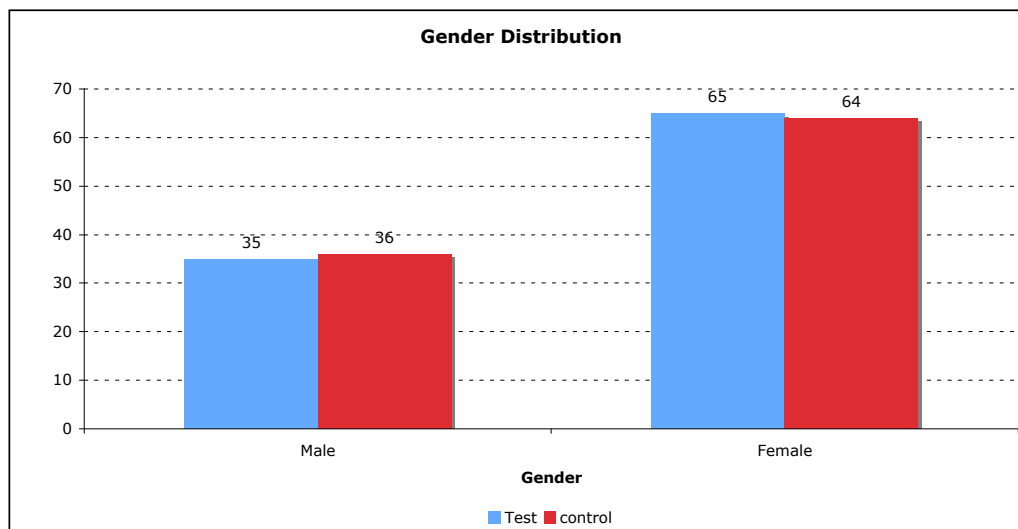
Again, the distribution of gender across the two groups was rather even, but interestingly more woman partook in both groups. A quick review of the gender composition of the group that did not complete the survey showed that 80% of the group was made up of women. This could be attributed to pure sampling chance, or it might be deduced that women tend to be more willing

to try out something before saying no. Men might be more inclined to say no at the outset when not sure or not interested. This suggestion might be supported by Venkatesh, *et al.* (2003) who found those women are more susceptible to social pressure (for example an expectancy to partake in the survey) than men.

The following discussion will review the results of the survey and interviews as per the research objectives.

5.3. Identifying the drivers of consumer trust in an e-commerce environment

The first objective, namely the identification of the drivers of online consumer trust, was achieved by means of the literature review. The reviews informed the development of a framework against which the presence and degree of online trust in a test and control group was measured. For ease of reference the model (fig.9) is again provided below:

Fig.9. Research model: The use of video to mediate trust in the e-merchant
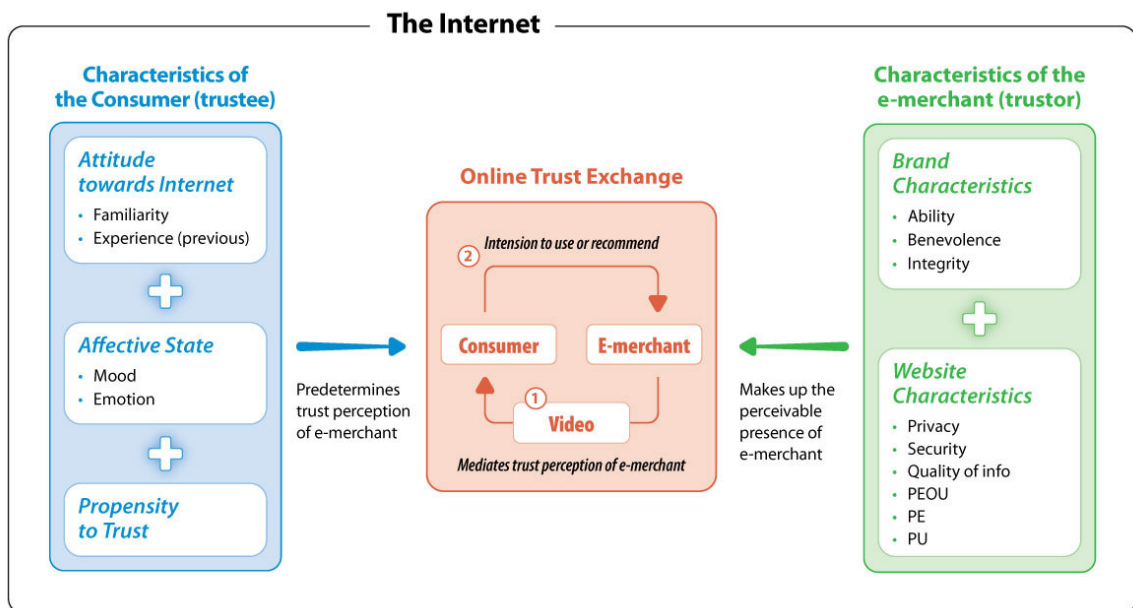
From this model it emerged that online trust had multiple dimensions, and that video was essentially required to mediate the consumer as well as the e-merchant's characteristics in the final exchange of trust. The remainder of this section will focus on the drivers of trust from a 'consumer characteristic' viewpoint, drawing results from the total sample group. However, the subsequent discussions on the remaining objectives (one to three) will draw results from the control and test group respectively, as here the influence of video on the perception of the trust characteristics of the e-merchant was tested.

Attitude towards the Internet

In terms of the respondents' general attitude towards, and acceptance of the Internet, especially in terms of empowerment, the overall response was positive, with 89% of users agreeing that it was good for consumers (fig. 12).

Fig. 12. The value of the Internet for consumers

The Internet is the best thing that's ever happened to consumers.
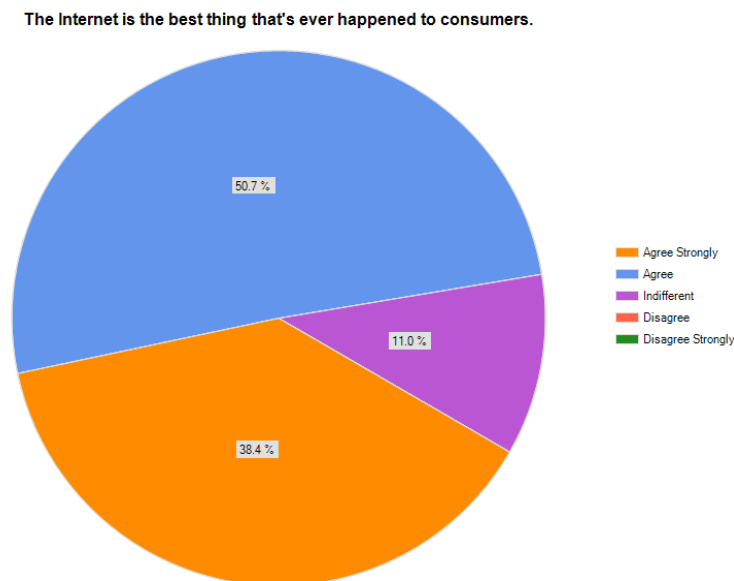
This was supported by the fact that 74% of respondents used the Internet on a regular+ basis when making high-involvement purchasing decisions (fig. 13).

Fig. 13. Using the Internet to provide information during high-involvement decisions

I use the internet to find more information on an expensive and/or important product/service, before making a buying decision.
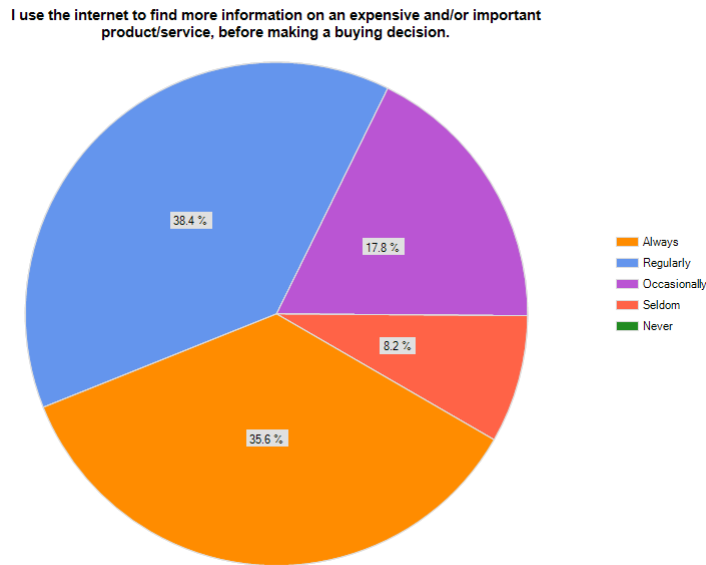
Similarly 81% used the Internet on a regular+ basis to get more information in order to complete a particular task at hand (fig. 14).

Fig. 14. Using the Internet as a knowledge sharing tool

I use the Internet as a business tool to find information that will help me do my job/ complete a task.
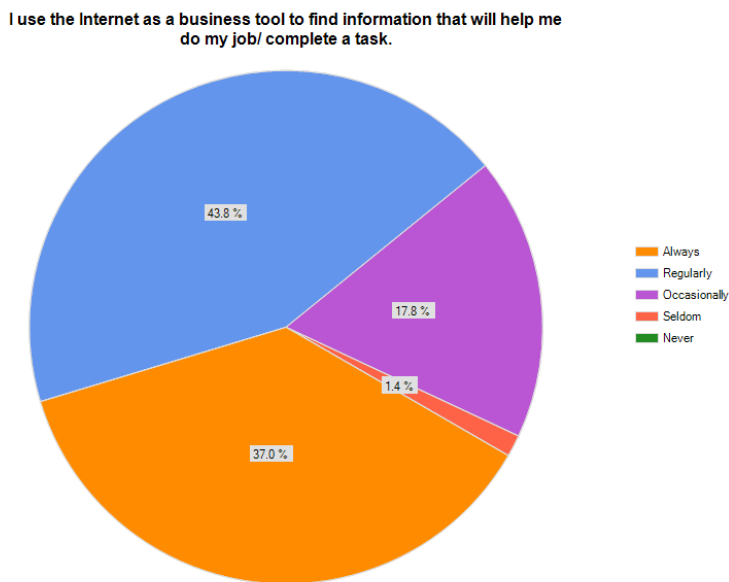
It would appear as though users have no problem accepting the Internet as an information technology, subsequently adapting their behaviour to learn how to use it. In testing the acceptance of the Internet as an e-commerce platform, the following emerged:

Respondents appeared to have largely accepted the Internet as a place of using services, with 90% using it regularly+. This included the use of online banking, which is a section of e-commerce that has received much n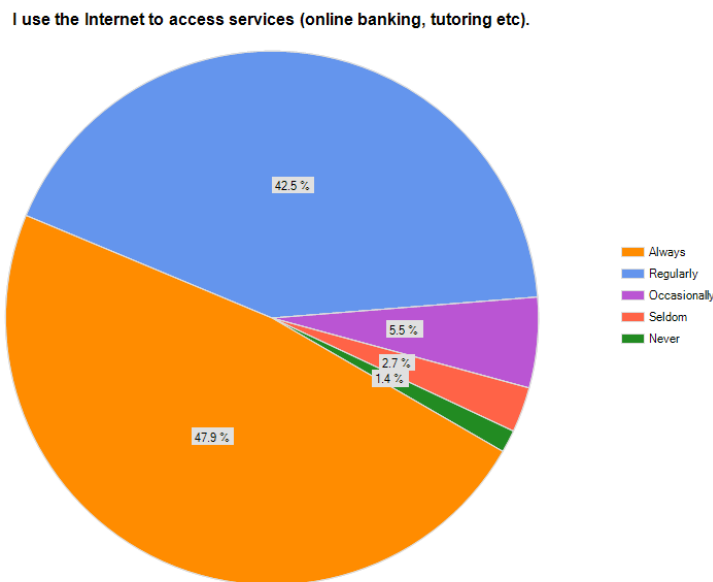egative press in terms of security, and continues to be the target of email driven scams (fig. 15). This correlates with the findings of Corbitt, *et al.* (2003) and Hoffman, *et al.* (1998) that consumers will use the Internet despite deeming the risk thereof as considerable.

Fig. 15. Accessing services via the Internet

I use the Internet to access services (online banking, tutoring etc).

42.5 %
5.5 %
2.7 %
1.4 %
47.9 %

- Always
- Regularly
- Occasionally
- Seldom
- Never

With regards to actual buying online, respondents were also tested in terms of their perception of the trustworthiness of the Internet as an e-commerce medium (fig. 16). There appears to be a general consensus that the Internet can in fact be used for purchasing, with an overall 77% <u>not</u> agreeing with the statement that Internet purchases could have negative ramifications.

Fig. 16. Perceived trustworthiness of the Internet as a shopping (e-commerce) medium

Anyone shopping on the Internet is looking for trouble.
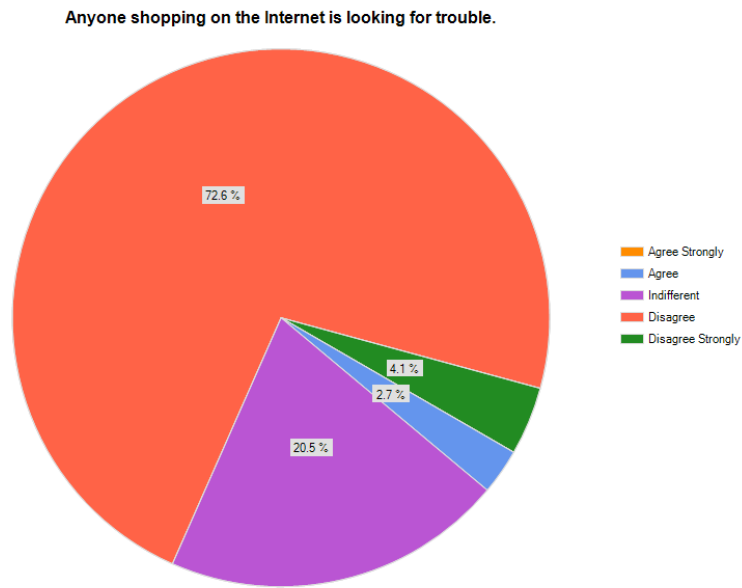
This corresponded with respondents' actual willingness to buy online, as per the graph below. Actual purchase behaviour differs from intent to purchase and as such, the results below are indicative of a high overall acceptance of the medium as an e-commerce platform, with only 11% of respondents that has never purchased online (fig. 17).

Fig. 17. Willingness to purchase online

I use the Internet to purchase products (books, healthcare products, CD's etc).
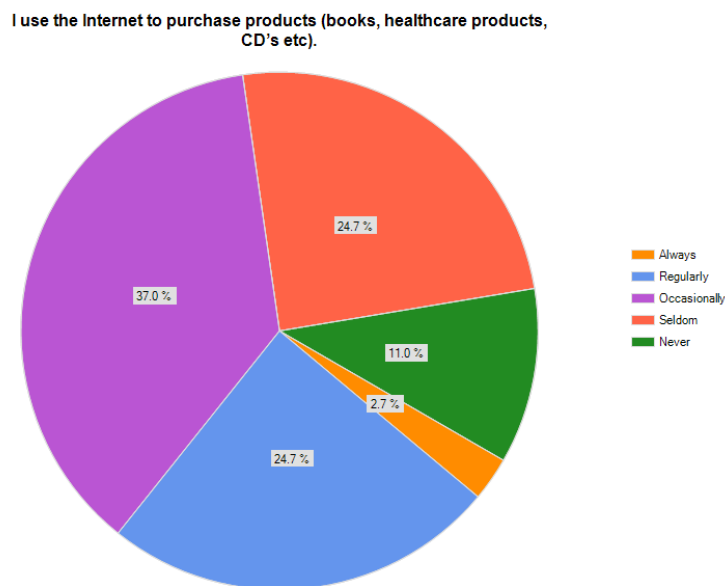
The above graphs were also interpreted from the perspective of the respondents' age brackets. The Internet is a very new technology (about 15 years old) and it could be argued that the acceptance of this technology is based on exposure to the technology from a younger, more influential age. In terms of viewing the Internet as empowering, results were distributed well across all age groups and not necessarily amongst those who grew up in the Internet era (fig. 18).

Fig. 18. Acceptance of the Internet by age breakdown

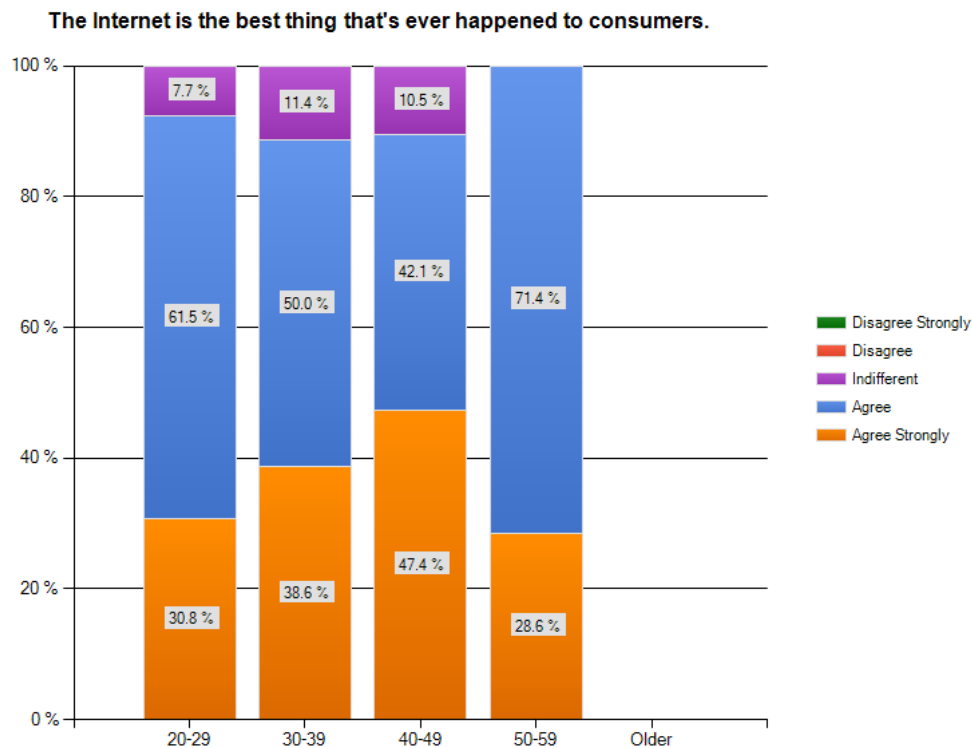The Internet is the best thing that's ever happened to consumers.

Table 1 below presents an interesting view on the relationship between technology usage and age (highest in category highlighted in grey): It would appear as though higher age groups tend to accept the Internet as an information technology, whilst lower age groups tend to be more accepting of it in terms of an e-commerce platform.

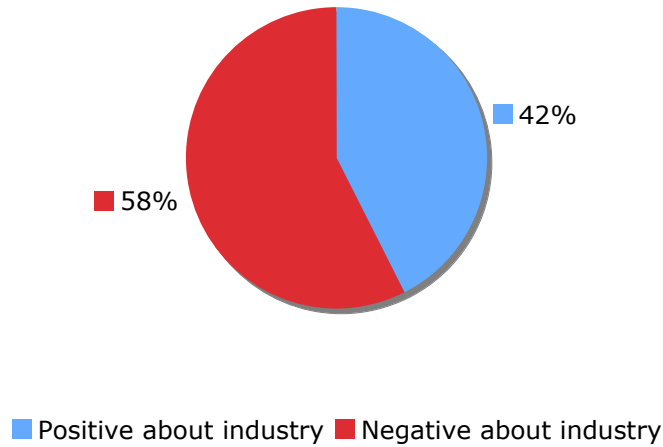_Table 1: Acceptance via usage pattern and age breakdown_

Online Usage	20-29	30-39	40-49	50-59
For business	85%	79%	79%	86%
Information prior to purchasing	69%	89%	42%	43%
Use of services	92%	95%	89%	57%
Buying of products	23%	34%	21%	28%

Venkatesh, _et al.,_ (2003) suggested that younger people would be more willing to learn how to use a new technology of it delivered a significant advantage. The authors also suggested that older people would reject learning and using a new technology if they found that it was difficult to use. It may be argued that searching for information on the Internet is easier than buying online, which often requires extensive effort to pre-register and so forth. As such, these findings may explain some of the results displayed in table1. However there is not enough conclusive evidence to prove this theory beyond doubt.

Affective State

Users were asked to rate how they felt about the industry of the particular e-merchant site (DebtSafe) that they were about to review. This was done to elicit a specific emotional response set prior to testing the influence of video. Based on the works of Schwartz (1990), Jones and George (1998) stated that an emotional recall, either positive or negative, influences the subsequent evaluation of another party's trustworthiness. Figure 19 below shows the dispersion of positive versus negative perceptions across the total group.

■ Positive about industry ■ Negative about industry

These results appear to support the general view by DebtSafe's MD that the debt counseling industry has a very negative perception in the eyes of the public, based on mismanagement by companies in the industry, exacerbated by negative press coverage. At the end of the survey respondents were tested again, within their different groups, with the following results:

Fig. 20. Respondents' perception about the debt counseling industry (post-test)
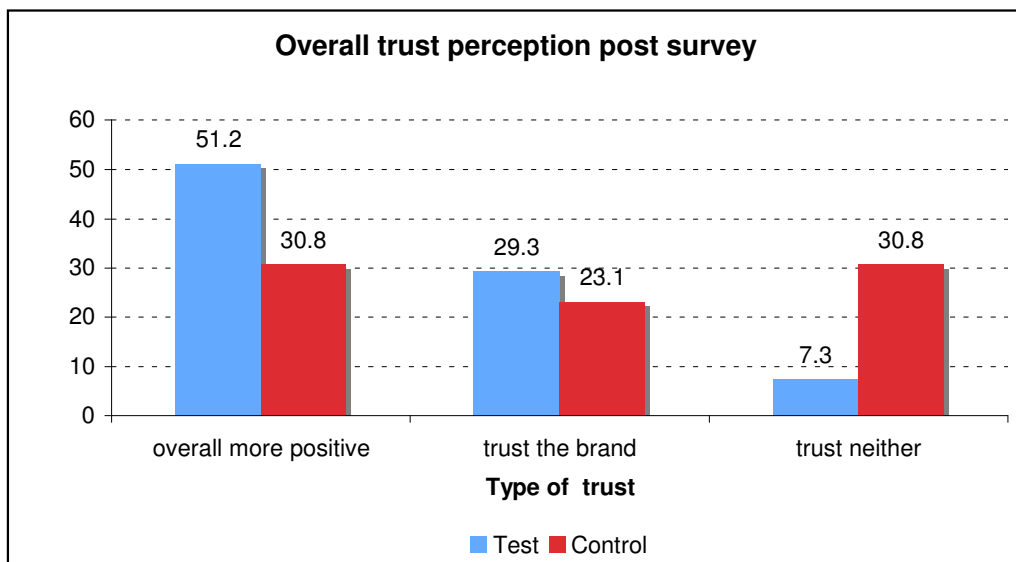
* please note that a certain percentage of the groups chose not to select any of the options available.

Affective states have changed to a more positive position in most instances. Whilst 42% of the overall respondent sample had a positive perception of the industry, the test group showed an 81% positive perception rate (either trusting the brand or trusting the industry) whilst the control group had a 54% positive rating.

It would appear as though video changed the affective state to a positive one, despite 58% of the total sample initially having negative perceptions about the industry. This particular finding stands contrary to existing research which suggests that an evoked emotional state will influence subsequent, immediate perceptions of trustworthiness'.

These findings also concur with some of the results from an interview with the DebtSafe Managing Director (refer Appendix F). He particularly highlighted the ability of video to break down existing barriers of distrust to create trust in his brand and in the debt counseling process. To this, the CEO of Mashova also added that he found that video created trust in his brand because it brought the real Mashova to the customer. The Managing Director of the Manhattan Hotel also noted that he found his brand is trusted because they have such a professional sales tool.

Propensity to Trust

A person's propensity to trust is an important component for the development of online trust (Tan and Sutherland, 2004) and subsequently respondents' propensity to trust was also tested, by asking them how quick they were to accept new technologies on the Internet. Of the total sample group, 25% of respondents indicated that they are quick to trust in an online environment whilst 22% were not sure. This might be attributed to it being a particular situational trust they were tested on (Internet) and not an overall propensity to trust. Given good reason to, this group might present a high propensity to trust. However more than half (54%) of the group displayed a low propensity to trust in an online environment.

Fig. 21. Acceptance of new technologies as an indicator of propensity to trust

I am quick to trust new applications on the Internet (consider for example your thoughts when Facebook was just launched).
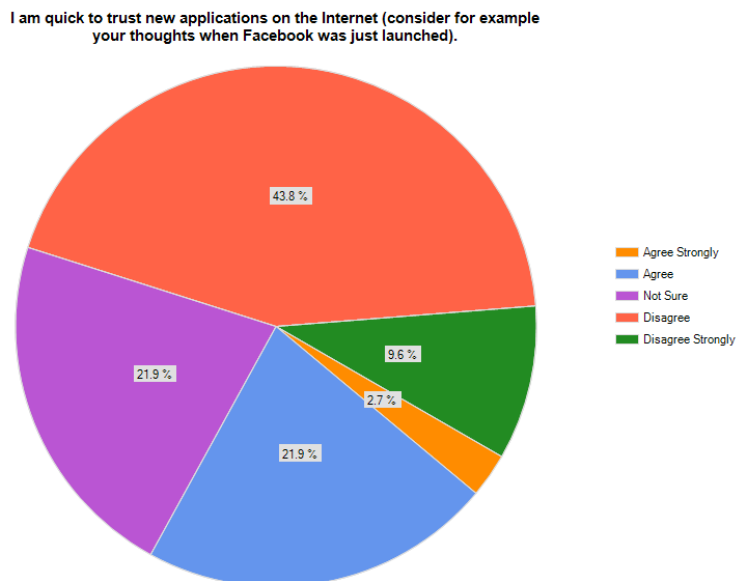
5.4. Investigating the perception of trust in an e-merchant based on the identified drivers of trust, in the absence of video.

Trustworthy brand name

In terms of measuring the trustworthiness of the brand's personality, respondents were asked to rate the e-merchant's brand in terms of the three characteristics of a trustworthy trustee, as per Mayer, *et al.*, (1995): Integrity, Ability and Benevolence.

Ability

Testing respondents' level of trust in the **ability** of the e-merchant, involved testing DebtSafe's perceived:

- ability to deliver on their offer (of a new beginning): ability-1,

- expertness: ability-2

- efficiency: ability-3

Fig. 22. Perceived ability of the e-merchant: control group

Perceived ability of the e-merchant brand
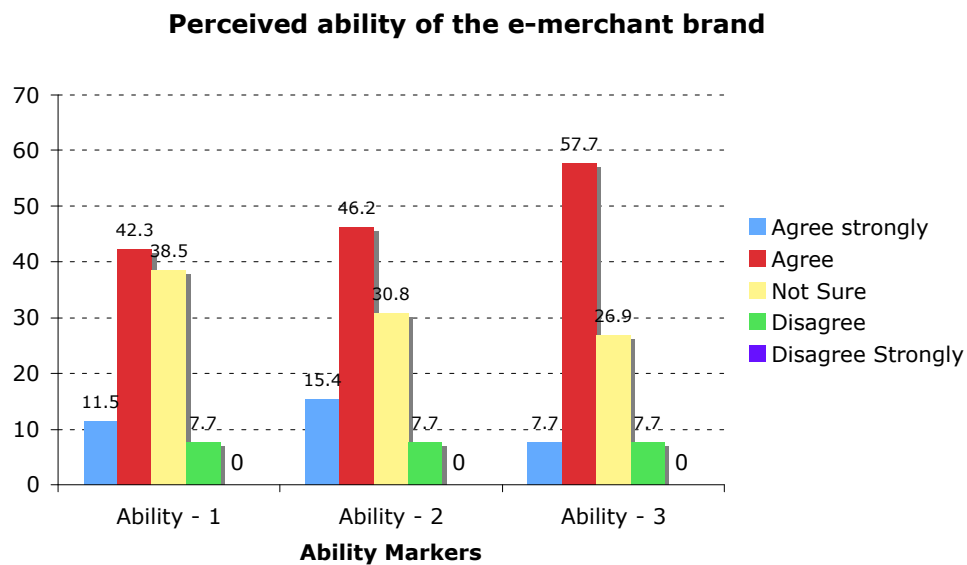
The overall perception of ability was high, with an average of 49% of respondents agreeing and 12% agreeing strongly that the company appeared to have sufficient ability to be deemed trustworthy. Overall there appeared to be a higher consensus of the merchant's ability to be efficient (65%), followed by their perceived expertness (61%) and lastly by their ability to deliver on their offer (54%). It should be noted that the brand received no negative ratings in terms of their perceived ability.

Integrity

Respondents were then tested on their levels of trust in DebtSafe's Integrity, which involved testing the e-merchants perceived:

- willingness to treat customers fairly: integrity-1

- value system of integrity: integrity-2

- discreetness when it comes to personal information: integrity-3

- reliability (not letting customers down): integrity-4

Fig. 23. Perceived integrity of the e-merchant: control group

Perceived integrity of the e-merchant brand
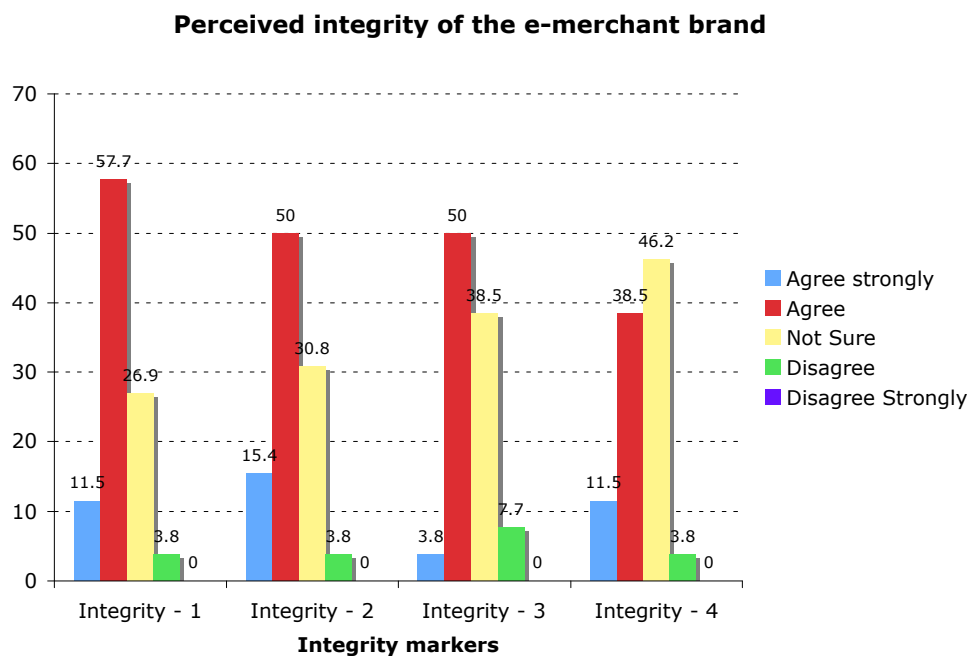
On the whole the level of trust in the brand's perceived integrity rated high, with an average of 49% of respondents agreeing and 11% agreeing strongly that the company would act with integrity. The brand rated highest in terms of perceived fairness (69%). Almost two thirds of respondents (65%) believed that DebtSafe placed integrity at the centre of their value system, whilst another 54% thought that the company would handle their personal data in a discreet manner.

The brand rated lowest in the integrity marker testing its reliability, with 50% of respondents perceiving it to be a reliable. The remainder of responses were found in the 'not sure' category. The brand elicited very few negative perceptions in terms of its perceived integrity.

Benevolence

The last characteristic of overall brand trustworthiness was measured as Benevolence. Respondents were tested on their levels of trust in DebtSafe's benevolence towards customers, which involved testing three markers:

- perceived care for customers: benev-1

- maintaining the best interest of the customer during a dispute: benev-2

- availability and easy to contact the company: benev-3

Fig. 24. Perceived benevolence of the e-merchant: control group

Perceived benevolence of the e-merchant
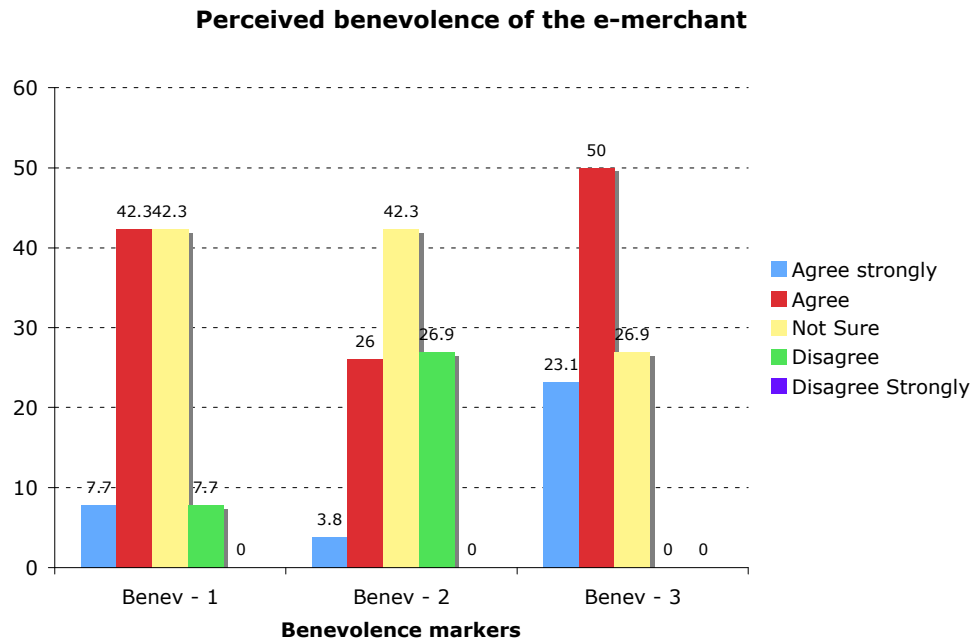
Overall the level of trust in the brand's perceived benevolence did not rate as high as the brand's perceived ability and integrity characteristics, with an average of only 39% of respondents agreeing and 12% agreeing strongly that the company appears benevolent towards customers.

The brand rated highest in terms of being easy to contact (73%), whilst the perception that they truly care about their customers rated second (50%). Only 30% of respondents thought that DebtSafe would place the interests of the customer first during a dispute in third place. This was also the marker that generated the most uncertainty and disagreement from respondents.

On average, the three characteristics of brand trust measured as follows in terms of their influence on an online brand's perceived trustworthiness (fig. 25):

Fig. 25. Ranked brand trust characteristics: control group

Ranked brand trust characteristics
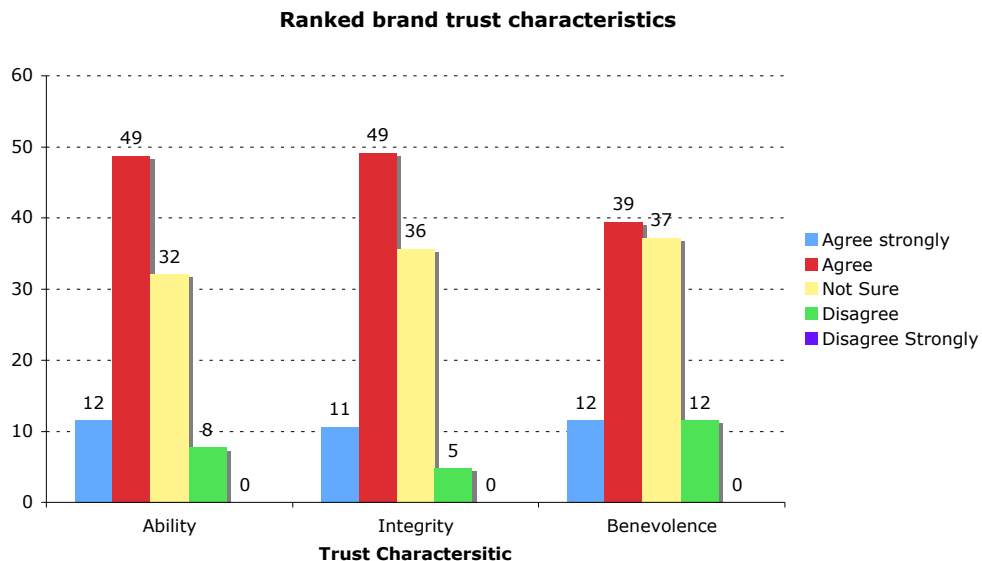
It would appear as though Ability rates as the most influential driver of brand trust in this particular online context, with Integrity a close second. Benevolence appears to be difficult to gauge from a single interaction.

Yet as Mayer, *et al.*, (1995) suggested, these drivers lie on a continuum and each can vary across it. All three does not have to be high for brand trust to exist, although a high score right across makes for a particularly trustworthy brand. Mayer, *et al.*, (1995) also suggests that integrity can be gauged through observation and as such, this research resonates with their findings, as the percentage of respondents rating high on integrity is quite significant. The authors' suggestion that benevolence only follows as the relationship develops (and can thus not be gauged in an initial meeting), also concurs with the above results.

Trustworthy website

Respondents' trust in the DebtSafe website was measured according to the following drivers for trust on websites:

- Privacy

- Security

- Quality of information

- Perceived Ease of Use (PEOU)

- Perceived Enjoyment (PE)

- Perceived Usefulness (OU)

Respondents' rating were as follows per driver of site trust:

Fig. 26. Perceived website trustworthiness: control group

Perception of website trustworthiness
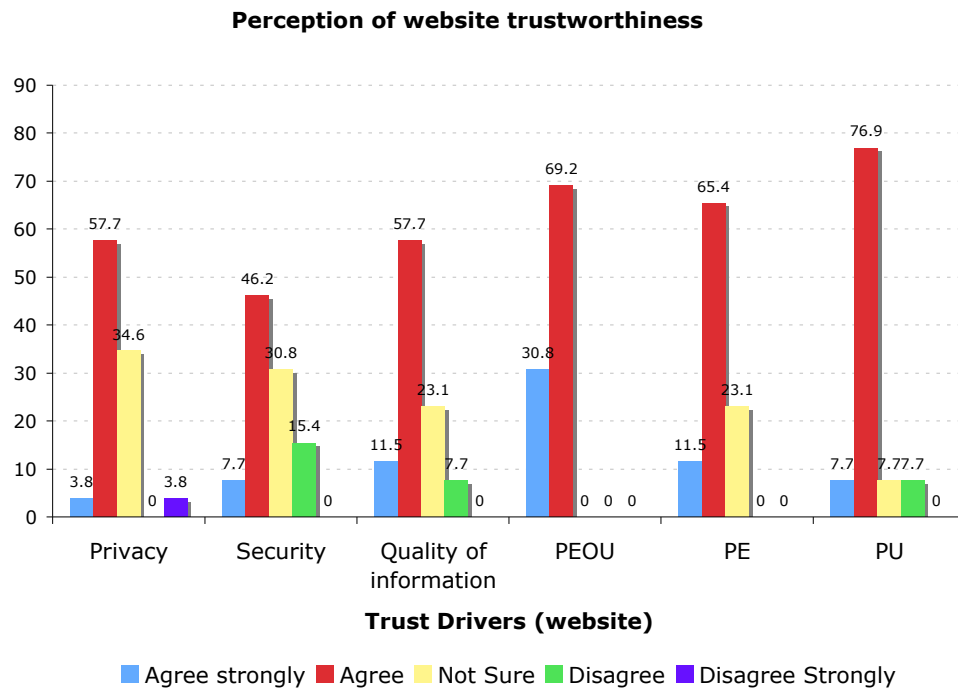
Overall the perception of the site's trustworthiness rates positive even in the absence of video, which may be attributed to a site that is already well designed. These results correlate to an extent with those of Fogg, *et al.* (2002) that found that 46.1% of all users used visual cues as indicators of online trustworthiness. The results in figure 26 suggests that the top three trust drivers for this site (based on *average* scores of agree and agree strongly) are perceived ease of use (PEOU) with a 100% rating, perceived enjoyment (PE) with a 85% rating and perceived usefulness (PU) with a 80% rating. All three of the top drivers are considered critical to the acceptance of a website as a technology. The order of importance for these three elements rated in this study, also corresponds with findings of Moon and Kim (2001), whilst the significance of PEOU's first position is affirmed by Egger (2001)'s research.

Interesting to note is the relatively high rankings of the privacy and security drivers, especially in the absence of a privacy statement on the existing site. This might be attributed to the fact that the DebtSafe website was designed by a specialist digital agency and therefore already portrayed a high degree of visual design appeal, the presence of which adds to the perception of credibility (Fogg, *et al.*, 2002). In comparison to the rest of the drivers, and based on the continuous emergence of the privacy and security as critical to web trust, their scores are relatively low and could influence overall perceived trust in the website.

5.5. Investigating the perception of trust in an e-merchant based on the identified drivers of trust, in the presence of video.

The discussion in this section draws on the results obtained from the test group. Their assessment of the e-merchant's trustworthiness characteristics were also measured in terms of the brand as well as the actual website's style

and layout. Results were then subsequently compared to the control group's responses to the same trust characteristics of the e-merchant.

Trustworthy brand name

<u>**Ability**</u>

The test group measured as follows in terms of their trust in the brands abilities, and according to the following ability markers:

- ability to deliver on their offer (of a new beginning): ability-1

- expertness: ability-2

- efficiency: ability-3

Figure 27 below offers a comparative view between the two groups, with (V)Ability scales referring to the results from the test group.

Fig. 27. Perceived ability of the e-merchant: control vs. test (video) group

Perceived ability of the e-merchant brand
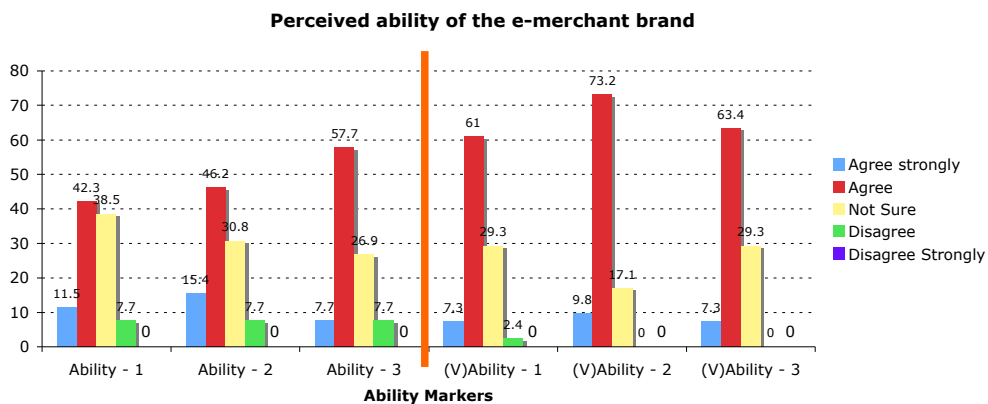
There has been an overall improvement on all three drivers. The perception of the merchant's ability to be efficient increased by 15%, whilst perceived expertness increased by 21%. The latter has increased to become the highest rated driver of the brand's ability, with a sum total of 83% of respondents perceiving the brand as an expert. The perception that DebtSafe's was able to deliver on their offer increased by 5%. As with the control group, the test group delivered no negative ratings in terms of the brand's perceived ability.

Integrity

Next the video group was tested on the characteristic of integrity, with the following drivers:

- willingness to treat customers fairly: integrity-1

- value system of integrity: integrity-2

- discreetness when it comes to personal information: integrity-3

- reliability (not letting customers down): integrity-4

Fig. 28. Perceived integrity of the e-merchant: control vs. test (video) group

Perceived integrity of the e-merchant brand
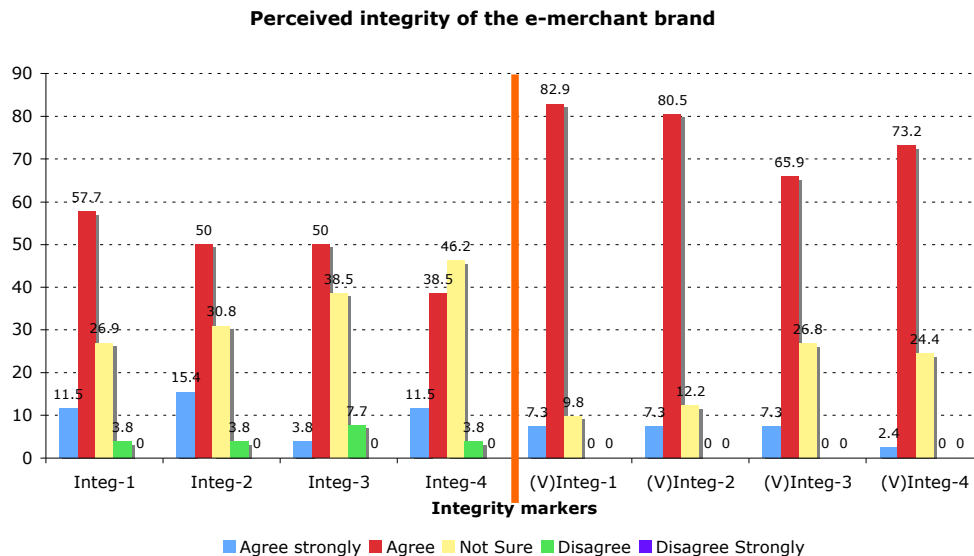
On average 76% of respondents agreed (up from 49%) and 6% (down from 11%) agreed strongly that the company would act with integrity. The scores per each of the four drivers of Integrity increased in the test group. Again the brand rated highest in terms of perceived fairness, with an average increase of 21%, taking the total number of respondents perceiving it was fair up to 90%. For the second driver, there was a 22% increase (up to 88%), for the third an increase of 19% (up to 73%) and for the fourth an increase of 26% (up to 76%).

The video group's perception of reliability was by far the driver that benefited the most from the video, in terms of changed user perceptions. There was also a significant reduction of people in the not sure group, whom all seem to have migrated to the 'agree' section, and there were no negative perceptions of the company's integrity in the test group.

Benevolence

Finally the group was also tested in their perception of the brand's benevolence towards them. The markers were as follows:

- perceived care for customers: benev-1

- maintaining the best interest of the customer during a dispute: benev-2

- availability and easy to contact the company: benev-3

In view of the results in figure 29 there appears to be an increase in the brand's perceived benevolence, with an average of 66% of respondents agreeing (up from 39%) and 8% (down from 12%) agreeing strongly that the company appears benevolent towards customers.

Fig. 29. Perceived benevolence of the e-merchant: control vs. test (video) group

Perceived benevolence of the e-merchant
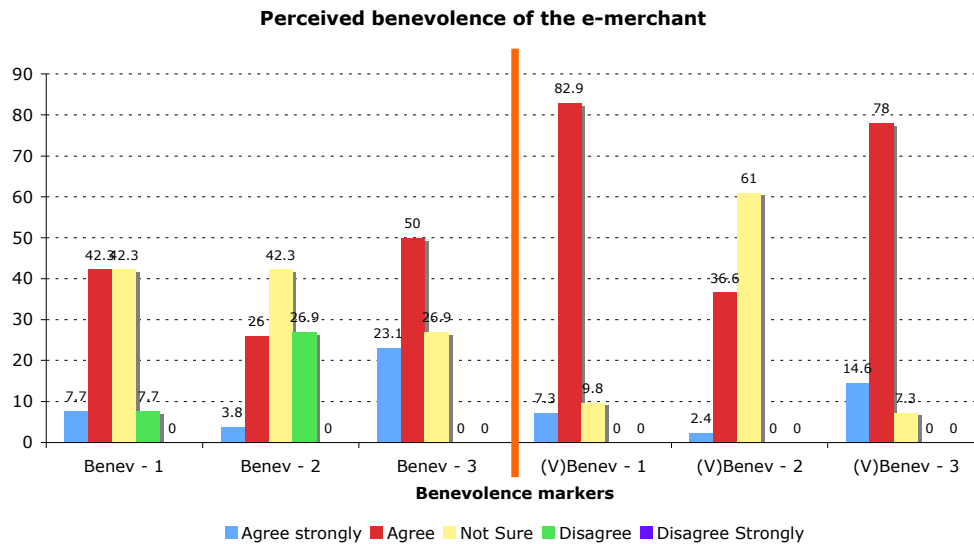
Whilst availability was rated highest in the control group, perceived care for its customers was the dominant driver in the test group, increasing by 40% in comparison to the control group (from 50% to 90%). Perceived availability increased by 20% (up to 93%) whilst the belief that DebtSafe would place the interests of the customer first during a dispute increased by 9% (from 30 to 39%). This was also the marker that generated the most uncertainty and disagreement from respondents. Again there were reduced numbers in the 'not sure' category and no negative perceptions in the test group.

In summary, figure 30 below presents the difference in results (averaged per characteristic):

Fig. 30. Ranked brand trust characteristics: control group vs. test (video) group

Ranked brand trust characteristics
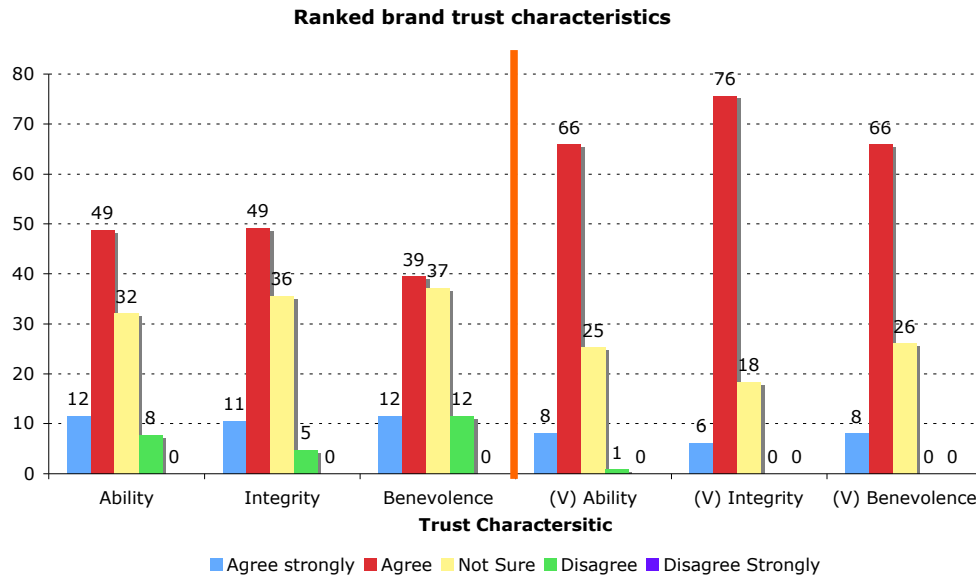
Overall the test group had a higher 'agree' rate on every characteristic of online brand trust, an almost zero negative count and a significant conversion of prospects in the 'not sure' category to the 'agree' category.

Brand Trustworthiness: highlights from interviews

All three interviewees concurred that video had the ability to present a consistent message about the brand to the consumer either online or offline. They noted in particular how video overcomes traditional communication barriers, with comments such as "video is visual, and 99% of sales is setting the stage because you buy into a perception" and "it's a way of cheating a one-on-one presentation" (MD Manhattan Hotel), "the video addresses questions that can't be asked in a one-on-one presentation" (MD DebtSafe) and "video has opened up a new dimension in customer communication – it goes a thousand places further" (CEO Mashova).

Whilst various authors (Reichheld and Schefter, 2000; Gommans, *et al.,* 2001; Corbitt, *et al.,* 2003) have noted that the lack of physical proximity as a critical reason why trust in the e-merchant is hard to achieve, it would appear from the comments above that video has the ability to bridge the absence of a physical sales person, as well as to improve on traditional communication challenges.

Trustworthy website

Respondents from the video test group also had their trust in the DebtSafe website measured, and their ratings were as follows per driver of site trust, compared to the control group (Figure 31 below was grouped per driver tested in control and video):

Fig. 31. Perceived website trustworthiness: control group vs. test (video) group

Perception of website trustworthiness
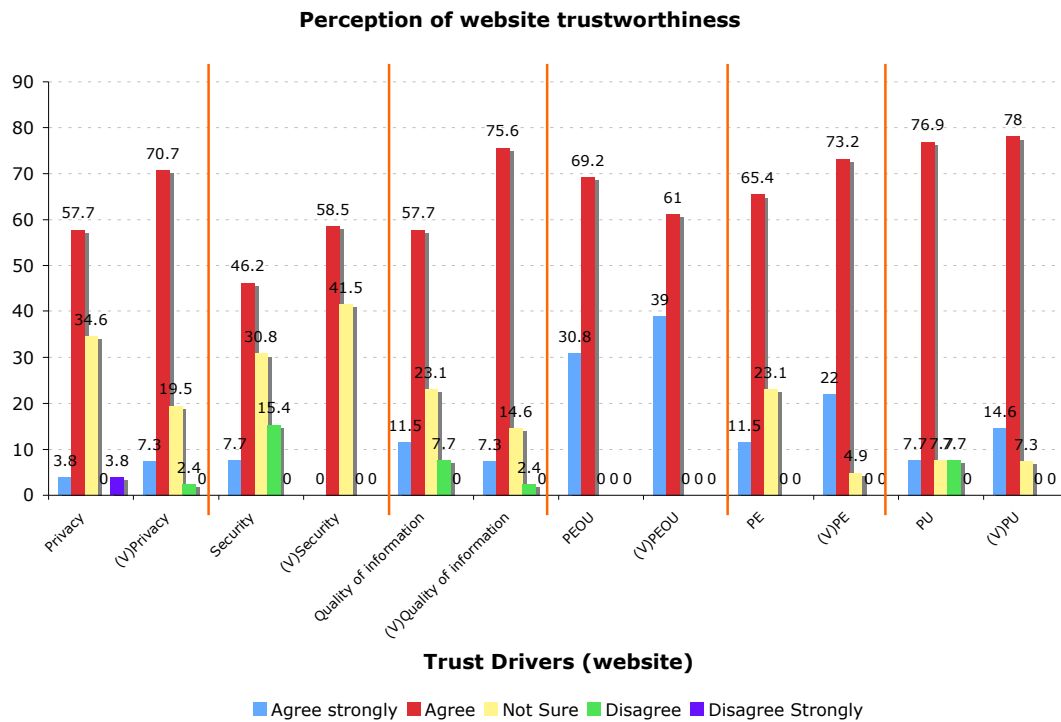
Each driver presented in figure 31 are discussed below:

a) Privacy: Perceived privacy of the site increased in the video test group by 17%. It also had a 15% smaller undecided group (not sure).

b) Security: Perceived security of the site increased by 5% in the video test group, however, this group had an 11% larger group that was undecided about the website's ability to guarantee the security of their information.

c) Quality of Information: The test group was 14% more convinced of the quality of the site's information, whilst the undecided component of this group was 9% smaller than for the control group.

d) Perceived Ease of Use (PEOU): There was no difference between the test and control group in terms of the extent to which they agreed on the sites PEOU – however, the video group showed an almost 9% higher 'agree strongly' response. Neither had an undecided or negative rated score. Notably, Egger (2001) found PEOU to lead to increased feelings of trust because the company appears to care about how convenient and easy it is for users to use its site.

e) Perceived Enjoyment (PE): There was a marked difference in the PE scores of the test and control group. The test group's showed 18% higher agreement that the experience was enjoyable, with a corresponding 18% smaller undecided group. This is supported by Ha (2004) who put forward that users expect an experience on a site, and not just information.

f) Perceived Usefulness (PU): The test group showed an 8% increase in agreeing that the site was useful, versus the control group, with the difference between the undecided group being negligible.

Interestingly the three drivers of technology acceptance for websites (PEOU, PE and PU), elicited higher 'strongly agree' scores in the test group than in the control group. Furthermore there was a general trend for negative

perceptions to be lower or zero-rated in each category, than in the corresponding negative perception percentages in the control group.

5.6. The influence of video mediated drivers of trust on the consumer's intent to purchase and recommend

According to Gefen (2000) trust in an e-commerce environment translates into an intention to either use or purchase the service/product of the e-merchant. The willingness to recommend is also seen as an indication of brand loyalty, to which trust is an important antecedent (Reichheld and Schefter, 2000). Both test and control groups were tested in terms of their willingness to use and recommend the debt-counseling service of the e-merchant. Results were as follows:

Fig. 32. Willingness to buy and recommend the brand: control group vs. test (video)
group
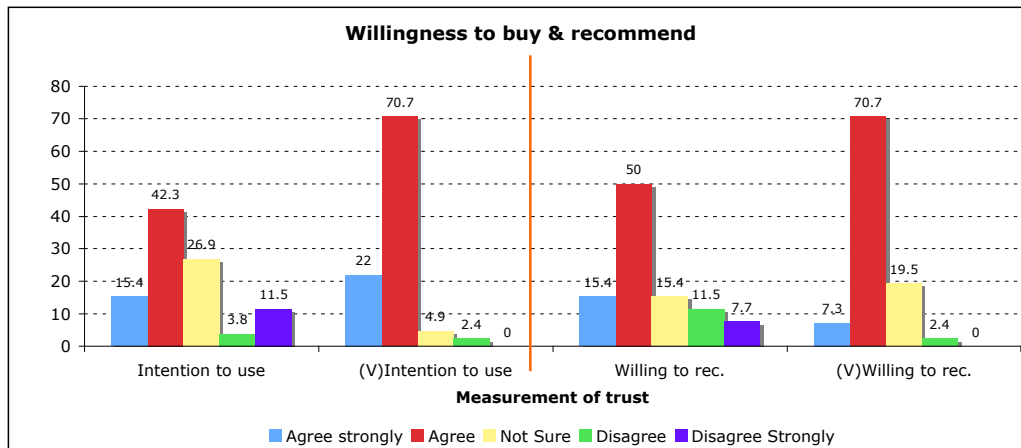
The video test group rated higher, both in terms of their willingness to use and to recommend the brand. In terms of using the brand the test group had a 35% higher willingness to use (93% vs. 78% of control group). They were also more willing to recommend more (13%) than the test group. That said, overall ranking were still high in both groups, and the control group's

willingness to recommend and purchase should not be discounted as insignificant at all.

Willingness to buy: highlights from interviews

During the interview with the Managing Director of DebtSafe, he noted that video has shown to aid the conversion of a website visitor into a lead. He specifically highlighted the case of two of his partnership websites that showed a significant difference in conversion rates: the top ranking Google site is outperformed by another site that ranks lower, but also displays the video. He estimated the difference in conversion as approximately double the leads from video site than from the top-ranking site. The MD from Manhattan indicated that he recently signed a top client who found him on the Internet, and attributes this in part to the favourable attitude created by his online video.

5.7. Overall Discussion

From the perspective of the proposed model for online communication via video, the results yielded are significant.

Characteristics of the consumer

A consumer's trust profile on the Internet depends on previous Internet experience, the existing affective state of the person as well as a pre-disposition to trust. The combined sample group tested very high on their overall acceptance of the Internet as both an e-commerce platform (where services and products are consumed) as well as an information search tool. However, their overall disposition to trust were mostly distributed in the lower markers, with only about 25% willing to trust new things on the Internet.

In addition the group had a mostly negative perception of the debt counseling industry (58% negative vs. 42% positive). They were specifically prompted to recall an emotional response about the industry, so that the affective state going into the research on the DebtSafe brand and site would mirror that of the population typically looking to engage with a company in the debt counseling industry.

Characteristics of the e-merchant

Overall the respondents in the control and test group delivered markedly different results when it came to reviewing the e-merchant's trustworthiness in terms of brand and site design characteristics. The test group showed a significantly higher trust perception in every marker that was used to test the dimensions of each of the characteristics.

In measuring the brand's trustworthiness, the use of video showed the most significant results in influencing a brand's perceived integrity - the test group rated much higher on this marker when compared to the control group. This was followed by a significant influence on the brand's perceived benevolence, with the degree of influence on the brand's perceived ability rating third.

An interesting situation occurred in each of these three markers of brand trust. Whilst the 'agree' responses increased significantly for the video group, the 'agree strongly' responses almost always declined when compared to that of the control group. It could be attributed to the fact that viewers on the test site spent less time reading the actual content, and rather concentrated on watching the video. As noted in Chapter 4, the video was effectively a music and animation video only, which presented no tangible information about the company's processes and systems.

The control group who only had text available to them to gauge the brand's integrity, benevolence and ability, will have been able to read about the company's six-step process as well as other useful information. The control site thus provided information that appealed more to the cognitive orientated evaluation process than the affective rich content of the test site. The respondents in the test group therefore had less cognitive based data available to build their trust perception upon, which as Lewis and Weigert (1995) suggested requires a combination of cognitive and affective input. It would seem that affect (emotion) was sufficient to move the respondents to select the 'agree' option, but that the cognitive component of decision-making has to be addressed for a respondent to select the 'agree strongly' option.

However, this is not a given and is rather based on the assumption that respondents of the test group did not spend much time on the site beyond watching the video, whilst respondents in the control group used the same time to peruse the written content. Further research may be required to determine the exact reasons why the 'agree strongly' section declined.

The findings further suggests that consumers make mostly emotional decisions to trust in the early stages of a relationship with an e-merchant, and that if the information provided is of a good quality, the added benefit of a cognitive perception increases consumer confidence.

The test group also showed increased perceptions of trust on all the markers of perceived trust in the website of the e-merchant. Here it was Perceived Enjoyment that was the most positively influenced by the presence of video. This was followed by Quality of Information, and Privacy. The latter, being the company's commitment to keep all information private, also correlates with the high score of perceived Integrity as measured earlier.

Finally, in viewing how this influenced the resulting trust exchange, it was found that video significantly mediated the consumer's perception of the e-merchant's trust characteristics: respondents in the video test group measured higher in their willingness to use the e-merchant's services (93% vs. 58% in control group), as well as to recommend it to someone else that might need it (78% vs. 65% in control group).

The use of video was also able to change the affective state of the respondents to a more positive perception of the brand and the industry. This is in contradiction to the research of Jones and George (1998), that suggested that a person's prevailing affective state will affect the perception of subsequent information received. It would seem that video has the ability to change a negative affective state to a positive state, subsequently mediating the interpretation of information received afterwards. This would typically refer to a user browsing the site or contacting the company post-video consumption.

As per the findings of Schoorman *et al.* (2007) and Dunn and Schweitzer (2005), the formation of trust is strongly influenced by emotions (affect) whilst Gross and Levenson (1995) found that video is the most influential type of media to elicit emotional responses. The above findings suggest that video has mediated the perception of trust in an online e-merchant through the manipulation of the respondents' emotions.

5.8. Summary

The results have shown that the video test group have consistently displayed an increased perception of trust in the e-merchant's brand as well as its website. Respondents from the test group were also keener to use or recommend the brand post-survey, and have expressed a marked increase in

positive perceptions about either the industry or the brand. The stated research problem was thus found to be possible: the use of online video does seem to be able to create an increased perception of trust in the e-merchant brand during online interaction.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

The results have been presented as per the set objectives. This chapter will subsequently review the conclusions drawn from the results as a whole, with particular reference to the original problem statement, noted again below:

The use of video mediates the development of trust in an e-merchant.

6.2. Conclusions

The purpose of this research paper was to investigate the ability of online video to mediate consumer trust in the e-merchant. After reviewing the available literature on the issues underwriting the topic, a model was suggested that aimed to capture the trust formation process, together with the antecedents of trust in both the trustee and the trustor (the e-merchant), suggesting that video could influence the trust exchange to the advantage of both parties.

The aim of the subsequent research was to determine to what extent, if at all, video could mediate the perceived trustworthiness of an e-merchant's characteristics to such an extent that the trust exchange was positively influenced despite a consumer's prevailing characteristics influencing his/her online trust profile. Data was collected from both a control and test group that was drawn from an overall population that has Internet access. As a first phase, respondents were tested on their general attitude towards the Internet as a technology, their affective state, their propensity to trust and finally their perception of an e-merchant's online brand and website. During the second phase the overall sample was tested either as part of a control or a test group,

and were required to rate the trustworthiness of an e-merchant's brand and website, providing an overall perception of the e-merchant's perceived trustworthiness. As a final test of their perceived levels of trust they were also asked if they would use the brand and/or recommend it, should they have a need for it.

With reference to the problem statement, the final results strongly suggest that video has the ability to significantly influence a consumers' perception of trust in the e-merchant, to such an extent that it changed perceptions about the industry as a whole and created greater confidence in the brand: nearly all of the respondents from the test group indicated that they would use the brand's services should the need arise. In addition it should be noted that the positive results were obtained despite more than half of the respondents going into the research with a negative opinion about the industry in which the e-merchant operated. From this perspective it would appear as though video has the ability to affect emotions during the initial encounter with the brand, which in turn affect the formation of trust, to such an extent that it appears to override the requirement for cognitive (logical) input.

6.2. Recommendations

Recommendations for businesses

From an e-commerce perspective the research findings have a significant implication for businesses that are either on the web or planning to move towards the web. Final recommendations are as follows:

- Being on the Internet in an e-commerce capacity will require businesses to accept that web consumers scan information and seldom read it. Thus a shift in the existing customer communication paradigm is required – communication must change from being text based to being visual based, in alignment with the predictions that

video will become the most favored tool for accessing information on the web.

To truly reap the benefit of video, e-merchants should not view video as an optional extra to their website or even as a functional design element. Instead it should be considered the hub of trust formation that will influence everything else that happens on the website. This changes the look and feel of the website to the extent that there is less navigation and more upfront video viewing opportunities.

However, it should be noted that the traditional navigation structure of websites cannot be discarded in its entirety as consumers will still need to be able to navigate a 'normal' situation to maintain 'perceived ease of use' of a website. One radically changed website won't change consumer's web consumption habits overall.

- That said, the quality and speed of data lines are often compromised in South Africa, and it is therefore recommended that video always be augmented with text sections.

The online environment is fraught with risk, not in the least because in a lot of instances competitors literally show up overnight. It would therefore appear that the only sustainable advantage is trust, and subsequently an e-merchant will need to place great emphasis on positioning itself as a trustworthy and reliable partner in order to stand out and survive the hyper competition on the web. Video can do that.

Future research

Whilst the results answered several questions, it also raised a number more. It was determined _that_ video is a successful mediator of trust, but future

research could focus on *why* video has this inherent ability. Which of the features in a video connects most with the consumer to create an almost irrational trust - is it the music, the richness of the animated visuals or the sum of the total?

It can also not be stated without doubt that video will have the ability to mediate trust if the trust profile of the consumers change in terms of attitude towards the Internet. In other words it could be that a consumer might not be so easy to influence if experience on the web, and thus attitude towards usage, is limited. Future research may concentrate on a similar research project, but draw the sample from an inexperienced web user population.

Another limitation of this study is the scope of the research, both in terms of the age of the average respondent as well as the industry in which it was conducted. Similar research could perhaps be done on groups that better represents every age bracket, because then it may also be possible to draw results on the optimal way to structure the video offer in order to reach various age groups. Also, research across different industries would be needed to substantiate these results as relevant for a wide range of consumers on the Internet.

Finally, the total effect of video may unwittingly have been diluted or increased by using a website that already subscribes to professional standards of design and layout, for this study. It would be worthwhile to research to what extent video has the ability to mediate trust on a website that does not necessarily offer a positive experience in the absence of video.

6.4. Summary

It was concluded that the research statement is strongly supported by the research data collected, and that businesses in a 'clicks' environment would do well to consider the prominent usage of video on their websites as a means of mediating trust between the consumer and the online brand.

ENDS

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APPENDIX A: RESEARCH QUESTIONNAIRE

SECTION 1 - Getting to know you...

Privacy Statement:
I have much gratitude for your willingness to assist with this research project, and will honour that by respecting the privacy and assuring the confidentiality of all the information you have supplied. I personally guarantee that your information will not be shared externally on an individual basis, but that all information will only be presented as collective, statistically interpreted results.

1. Please enter your details below so that collected data may also be stratified.

Name:

Email Address:

2. Your Age:

○ 20-29   ○ 30-39   jn 40-49   ○ 50-59   ○ Older

3. Gender:

○ Male   ○ Female

4. Where do you have Internet access?

☐ Home

☐ Office

☐ Anywhere (mobile 3G etc.)

5. Please rate the quality of your available Internet connections:

	Good	Mediocre	Poor
Home	○	○	○
Office	○	○	○
Anywhere Mobile	○	○	○

SECTION 2 - You and the Internet

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APPENDIX B: TEST SITE 1 (TEST GROUP)

APPENDIX C: TEST SITE 2 (CONTROL GROUP)

APPENDIX D: INTERVIEW WITH MASHOVA CEO

SMP: "Mark, your business has been using video for quite a while. Can you tell me what effect video has had on your customer relationships and business in general?

MM: Yes, I think video has opened up a new dimension of customer communication for Mashova. What we've experienced is that you can spend many, many hours with a written and verbal interaction, but the moment there is a video showing about the company or about a certain area within Mashova we get tremendous response. You can just go a thousand places further."

SMP: "Can you give me an example of a specific time when it helped with the customer?"

MM: "Yes, we've been working with a customer in the northern part of Mozambique for three years and we've always had a fairly good relationship with them until one day we brought in a proposal to take over the whole mine. And we started off with the video of Mashova and the response after that was 'we never knew that and that about Mashova. We never got the full picture of Mashova'. We got an amazing response. The trust that was built within minutes between the customer and Mashova was unbelievable.

SMP: So would you equate the video to an increased level of trust?

MM: "Oh yes definitely. The way we've made our videos are of Mashova in action on our sites, with our people, in our workshops, so we're bringing the real Mashova to our customers in a way that they've never seen us. You know, you never really see the inside workings and all the areas of expertise within the company by just sitting in front of somebody with a brochure. Showing all the dimensions of the company with video immediately creates trust because you are re-producing the real things of the company."

SMP: "And then you elected to put the video on the website. Why was that?"

MM: "Well all our customers need to know so much more about us, much quicker. We have seen the impact on a one-on-one basis, so we've decided to use our website to bring that message of trust and how we look like, to anybody who that wants to know. Even future employees, never mind our customers that look at the website.

SMP: "So do you think your customers actually use your website to get more information when they have to make a procurement decision?"

MM: "Geographically is does differ, but we find in the larger cities with fast Internet, our customers know a lot more about our company than we thought, and that information definitely comes from the website.

SMP: "So just to summarise then, your final thoughts on video?"

MM: "My personal thoughts are that the impact of video totally amazed me, that in a very, very short space of time you can show so much information and have such a major impact on somebody sitting in front of you. I am surprised. I didn't think that the impact would be so big, so yes, it would be a tool for us in the future. We'll never go without video again."

APPENDIX E: INTERVIEW WITH MANHATTAN HOTEL MD

SMP: "Can you tell me how the online video has influenced you business, if at all?"

NR: "It's difficult to say what it would do for you online, because you don't get feedback. But the biggest thing for me is regarding the efficiency and the standard message of the brand. It's the perfect picture of our services of what we have to offer. But it's difficult to quantify because you don't know who's seen it. There's just so much traffic on my website because every mail shot that goes out refers back to the video. But I think people feel that you've got your stuff together, because if this is what you have…And not only that, but it gives you a real picture of the product, unlike photos. So I am a big fan of video, huge. So in short my answer is I am not sure."

SMP: "But generally speaking you would concur that video added to the development of trust in your brand?"

NR: "I think so…I think so."

SMP: "In short then, as wrap up, your thoughts on video…?"

NR: "Love it. I will never go away from video, ever. I think a video is a way of cheating a one-on-one presentation. You're reaching volumes, and that's what it is about. Because at the end of the day, if you want to make the sale, depending on people's location and where they are at, if you do a mail shot it would definitely give people a complete overview of your product and what you are about. Because I mean I got a client that came to see me about three weeks ago, and we signed a big deal – and she found me on the web. So again it's visual, and I always say to my staff and sales team, 99% of sales is setting the stage. You buy into a product because of perception. So how can you not have the perception of the brand out there by having something that is specific and to the point and exactly in line with what the brand's perception. So video - huge fan. Huge fan!"

APPENDIX F: INTERVIEW WITH DEBTSAFE MD

SMP: "Could you tell me more about the use of video on your website?"

HdP: "The video addresses all the questions that the person cannot ask when he does not sit in front of a person or when he is not involved in a conversation. So all the questions that we usually found during group sessions and when we spoke to people that came up was actually addressed in the video. I get the idea when I speak to people that the video creates confidence in that sense. When you don't have to ask a question and it's already addressed during a normal video or presentation that starts building confidence. So what I find with the video is that the video sells the debt counselling process, number one by creating confidence, and secondly it builds the confidence element in our brand as DebtSafe."

SMP: "In terms as how it has translated into sales for you?"

HdP " Very much so, because that is our biggest barrier out there. The nature of our industry is unfortunately that there is an inherent distrust from the public side towards debt counsellors. The word debt itself creates distrust because people tend to associate it with debt collection and that part of the industry, so there is a huge barrier out there to gain confidence. And what it does it breaks down that barrier and that immediately converts then into business for us. So it is very effective in converting prospective clients into real clients."

SMP: "Have you got a couple of examples for me of that, just in terms of your hit rate?"

HdP: "Well we haven't measured it specifically, but what we found was we did many, many presentations to groups of people and we initially started off with a normal presentation and talking people through the process. And our

reaction during presentations were quite dead and we always during a presentation, lets say a standard group of about 30 people that we normally present to, we usually would found that people would come give up their names, one or two interested individuals in a group of 20 to 30 people would be interested in debt review. And it was a very quiet and not a very interactive type of presentation. When we use the video as the first 15 or 20 minutes of our presentation, it just opens up the floor and we find that we have a hit rate of 10-15 individuals interested in the process and in debt counselling. Again because, forget about the brand for a moment, what the video does, it actually builds confidence in the process and in what we do."

SMP: "Could you talk a little bit about your different facilitators online that actually make use of the video and how that helps them?"

HdP:" Well we use the video quite often using the call centre. Most of our leads that we receive in the call centre are from the internet and those people have access to our website and what we do is we refer them to the website to go and watch the video and then discuss the process with them after that. Or after just explaining the basics of the process then refer them to the video. And again we achieve a very high success rate with that. We only recently started doing that. We did not do it, we actually never thought of it. And the purpose of it was to create more traffic to our website but what we found was with that again the video was just a magic tool for us to create and build confidence that we need in our industry."

SMP: "Okay that's wonderful."

HdP: "That's what we got with the call centre. We also provided all our facilitators with the video and in general the feedback has been very positive. What people do is they use the video when they go see a family, or a husband and wife, a couple who are interested in debt review. And again what that also did for us, it created consistency in our message out there. We have over 200 facilitators on a national basis and all these people were all trying to explain DebtSafe and debt counselling to people in their own language. And

the video gave us the opportunity to standardize a message and make sure that it created consistency. And the results are also then very consistent when we use the video."

SMP: "And for partnership websites?"

HdP: "Well for partnership websites, that is very interesting. We have two websites and the comparisons should be done bearing in mind that there are two very important keywords in our industry, the one is debt review and the other is debt counselling. Of which debt counselling if you look at the statistics on the web, is used 10 times more than debt review. Debt counselling is the more accepted term and recognised term out there for what we do. Now the site that is no.1 on Google under the keyword debt counselling sends us half the number of leads than compared to site no.1 on the debt review search results. Now the debt review search results have gone ahead, or the difference between the two mainly, is that the debt review guy has gone and he has loaded the video on the website so the video is available there and despite the fact that he receives so many clicks fewer than the debt counselling site, his results are more than double than the debt counselling site. The debt counselling site is supposed to be the one that feeds us with the most business. But there is a real return in having the video available out there - it creates huge and much better results out there on the web as well.