Understanding Usage of E-commerce Websites and Factors Influencing Customer Trust in E-Commerce

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Abstract:

In the rapidly evolving landscape of e-commerce, establishing and nurturing customer trust is imperative for sustained business success. This research delves into the intricate dynamics of e-commerce, investigating the factors that influence customer trust and the impact of this trust on online shopping behavior. Through a comprehensive exploration encompassing diverse demographics and preferences of e-commerce users, this study aims to shed light on the critical elements that foster trust in online platforms. Employing a structured questionnaire and drawing insights from existing literature, the research identifies significant correlations between trust, consumer behavior, and e-commerce preferences. The findings highlight the prevalence of online shopping preferences, varying product categories, and factors that contribute to trust in e-commerce websites. This study provides valuable insights for businesses seeking to enhance trust and loyalty among their customer base, offering strategic recommendations to fortify relationships in the digital marketplace.

Introduction:

In the digital age, the proliferation of e-commerce websites has revolutionised the way consumers shop and transact. With the convenience and accessibility They offer e-commerce platforms that have become integral to modern commerce. As a result, understanding the dynamics of e-commerce, particularly the factors influencing customer trust, has become essential for businesses and researchers alike.

This research proposal aims to investigate the usage of e-commerce websites and the factors that play a significant role in influencing customer trust within the context of e-commerce. Trust is a crucial element in e-commerce transactions, as it impacts consumers' decisions to engage in online shopping, their loyalty to specific platforms, and their overall satisfaction with the e- commerce experience.

Objectives:

Research Objectives:
1.   To identify the key factors that influence customer trust in e-commerce websites.
2.   To assess the significance of these factors in the context of different e- commerce websites and industries.
3.   To understand how customer trust impacts online shopping behaviour and decision-making.
4.   To provide recommendations for e-commerce businesses to enhance customer trust and loyalty.

2.RESEARCH QUESTIONS :

We asked a few questions for our research like :
RQ1:Do Customers prefer online shopping over offline Shopping?
RQ2:What product categories customers buy online?
RQ3: What role does customer support quality play in resolving e-commerce related issues? RQ4:How do customer reviews and ratings impact the perception of product quality and trustworthiness?
RQ5:How do personalised product recommendations impact customer satisfaction and retention?

3.LITERATURE REVIEW :

3.1 Trust in E-commerce
The growth of e-commerce has transformed the way businesses operate and interact with consumers. Trust plays a pivotal role in establishing and maintaining successful relationships between online businesses and consumers. This literature review aims to analyse three key studies that delve into the factors influencing customer trust in e-commerce.

Literature 1: Trust and E-commerce: A Study of Consumer Perceptions by Brian J. Corbitt et al.

This study focuses on understanding the essential elements contributing to trust in Business-to-Consumer (B2C) e-commerce. The research identifies key factors related to trust and proposes a comprehensive framework based on the relationships among these factors. The study emphasises the significance of trust in the online context and investigates how factors like market orientation, site quality, technical trustworthiness, and user uses web experience influence customer trust levels.

The research method involves a self-administered survey to collect data from Internet users in New Zealand. The findings suggest that people are more likely to engage in e-commerce if they perceive a higher degree of trust. The study underscores the role of perceived site quality in influencing market orientation and trustworthiness towards e-commerce. Additionally, positive word-of- mouth, money-back warranties, and partnerships with well-known business partners emerge as effective risk reduction tactics.
This study contributes to the understanding of trust in B2C e-commerce, highlighting the importance of factors like site quality and market orientation. The findings provide valuable insights for businesses seeking to establish trust relationships on the World Wide Web.

Literature 2: Influencing Factors of Trust in Consumer-to-Consumer Electronic Commerce with Gender and Age by Hyun Shik Yoon and Luis G. Occeña

In this study, the authors explore trust in Consumer-to-Consumer (C2C) e- commerce, differentiating it from Business-to-Consumer (B2C) e-commerce. The research model incorporates four perspectives: natural propensity to trust, perception of website quality, other factors, trust of buyers/sellers, and third-party recognition. The study also investigates the moderating role of gender and age in trust formation in C2C e-commerce.

The introduction underscores the importance of trust in e-commerce, especially in C2C transactions, where traditional rules and regulations are often lacking. The research method involves a structural model of trust in C2C e- commerce, with a focus on age and gender factors. The findings reveal that perception of website quality and third-party recognition influence trust in C2C e-commerce, with age moderating the impact of trust of buyers/sellers. The study addresses the gap in existing research by providing a nuanced understanding of trust in C2C e-commerce. The inclusion of age and gender as moderating factors enhances the applicability to diverse consumer Groups.

Common Themes and Insights:

Both studies underscore the central role of trust in e-commerce success. Trust influences consumer activities and is influenced by factors like website quality, market orientation, and technical trustworthiness. The studies highlight the need for businesses to address these factors to establish and enhance customer trust in online transactions.

While Literature 1 focuses on B2C e-commerce, Literature 2 delves into C2C e- commerce, emphasising the need for distinct research in this area. Both studies acknowledge the dynamic nature of trust in the rapidly evolving landscape of electronic commerce.

4. RESEARCH METHODOLOGY :

Research Methodology:

1. Research Design:
For making this research successful, a questionnaire was structured. Through with the help of the questionnaire, primary data has been collected. There are 100 respondents in the sample.

2. Population:
The population of interest for this study consists of e-commerce users, including individuals who have engaged in online shopping activities. The population is vast and diverse, encompassing people from various geographical locations, age groups, and socio-economic backgrounds.

3. Sampling:
A stratified random sampling technique is employed to select a representative subset of the population. This technique ensures that the sample reflects the diversity within the population by dividing it into relevant strata (e.g., age groups, geographical regions, online shopping frequency) and then randomly selecting participants from each stratum.

4. Data Collection:

Primary data:
Data is collected through structured online questionnaire, which is administered to the selected sample of e-commerce users. The questionnaire is designed to capture information about trust factors, online shopping behaviour, and demographic characteristics of the respondents.

Secondary data:
As mentioned above in the literature review, a secondary data overview is taken for the study with the help of existing research papers and studies.
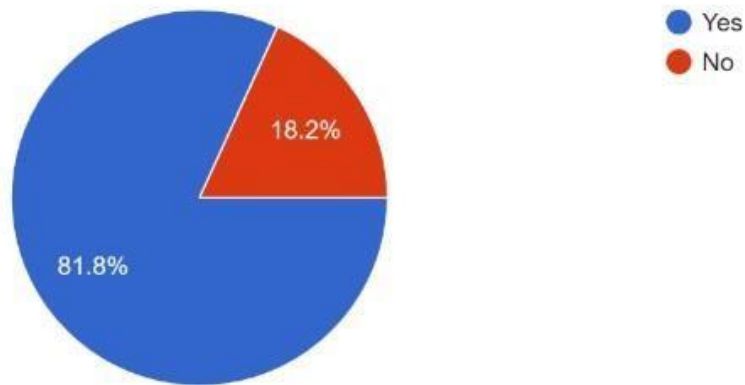
5. DISCUSSION AND IMPLICATIONS :

FINDINGS
The first question in the questionnaire was designed to find out the percentage of people who prefer online shopping over offline shopping.

Do you prefer online shopping over offline shopping?
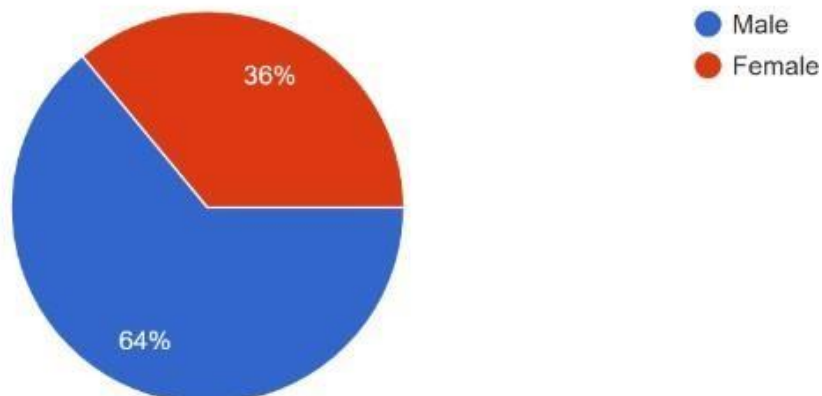99 responses

While 81.8% of the respondents prefer online shopping over offline shopping, 18.2% feel offline shopping is a better option.

The next question was designed to know the gender of the respondent, in order to find out how gender of the person affects their shopping choices in e-commerce.
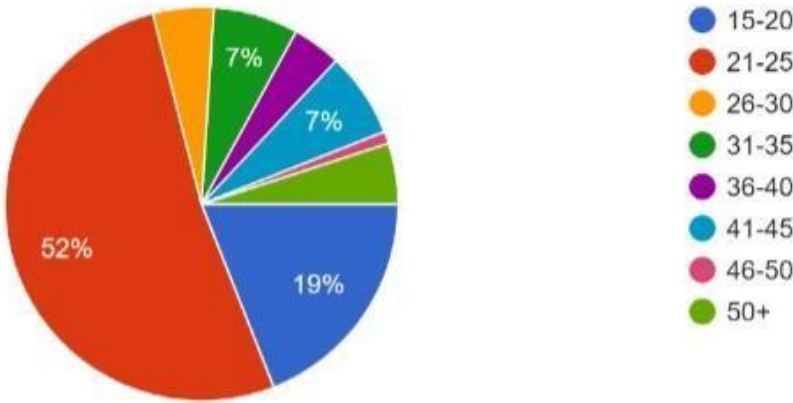
Gender
100 responses

36% of the respondents were female while 64% of the respondents were male.
An overview of the age was taken by knowing the age range of the Respondent.

Age group

100 responses

●	15-20
●	21-25
●	26-30
●	31-35
●	36-40
●	41-45
●	46-50
●	50+

52% of the respondents were found to be between the age of 21 to 25, representing the age group who prefer online shopping the most.

The relative analysis of respondents on the basis of age, gender, demographic and their preference to online shopping over offline shopping is given in the following tables.

Do you prefer online shopping over offline:

Female & Male: Age Wise

	No	Yes	Total
Female	**7**	**29**	**36**
15-20	1	2	3
21-25	5	18	23
26-30	1	1	2
31-35		3	3
36-40		3	3
41-45		2	2
Male	**12**	**52**	**64**
15-20		16	16
21-25	7	22	29
26-30		3	3
31-35	1	3	4
36-40	1		1
41-45		5	5
46-50		1	1
50+	3	2	5
Grand Total	**19**	**81**	**100**

Rural & Urban: Male & Female

Do you prefer online shopping over offline shopping?			
	Female	**Male**	**Total**
Rural	**14**	**22**	**36**
No	1	3	4
Yes	13	19	32
Urban	**22**	**42**	**64**
No	6	9	15
Yes	16	33	49
Total	**36**	**64**	**100**

Many of the customers used these e-commerce platforms mainly for clothes (around 71%), Accessories (53.1%), electronics (51%) followed by personal care (29.6%) and books, movies, music and games (27.6%). Furniture was the least preferred by customers to buy online which means they still prefer offline purchase of furniture.

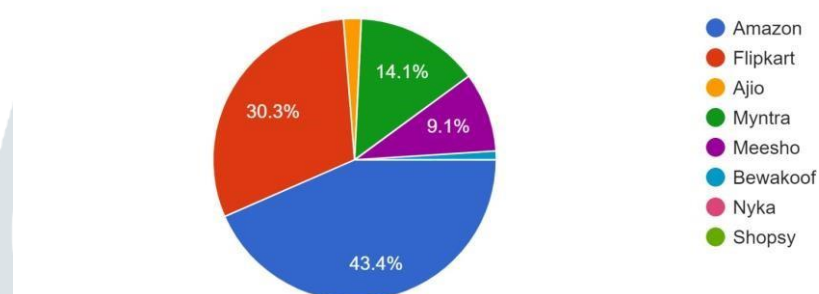What categories do you usually buy from these websites(can choose multiple answers)
98 responses
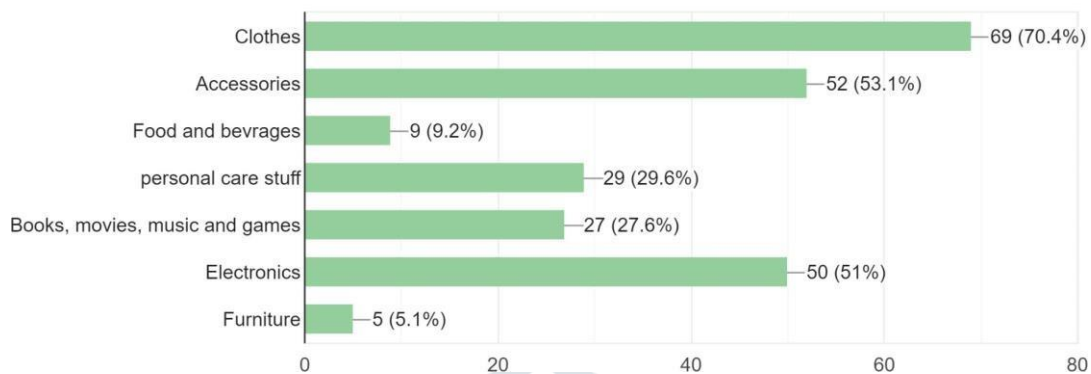
A question on the preferred e-commerce website was designed to know the respondents' preferences. Following is a pie chart representing the data:

Which e-commerce platform do you prefer?
99 responses

The respondents preferred Amazon the most (43.4%), followed by flipkart (30.3%), myntra (14.1%), meesho (9.1%), Ajio (2%) and Bewakoof (1%).

A statistical representation of what are the features that make the customers' trust their favourite e-commerce websites. The graph below represents the percentage:

What are the features that you think it has which makes you trust this e-comm platform (can choose multiple answers)
97 responses
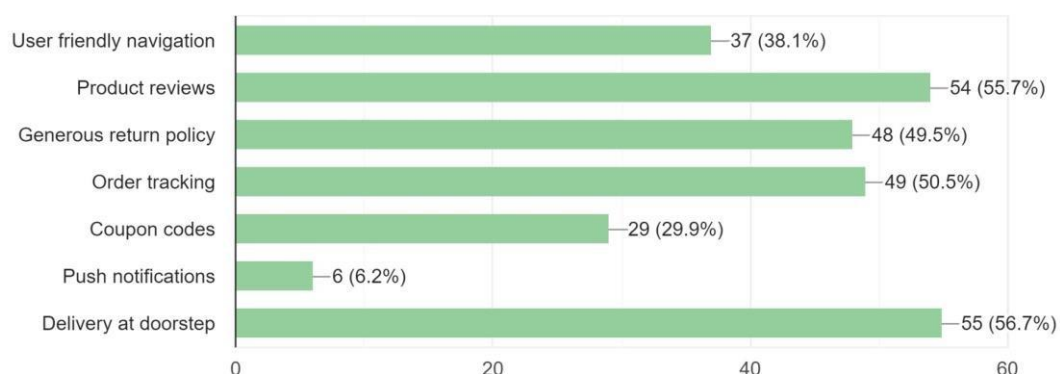
A question on safety of the payment gateway was asked and the responses are on a likert scale ranging from 1 to 5 depending on how satisfied customers are with the safety level. Following is a graph representing the data:

Rate payment gateway process and platform safety
98 responses
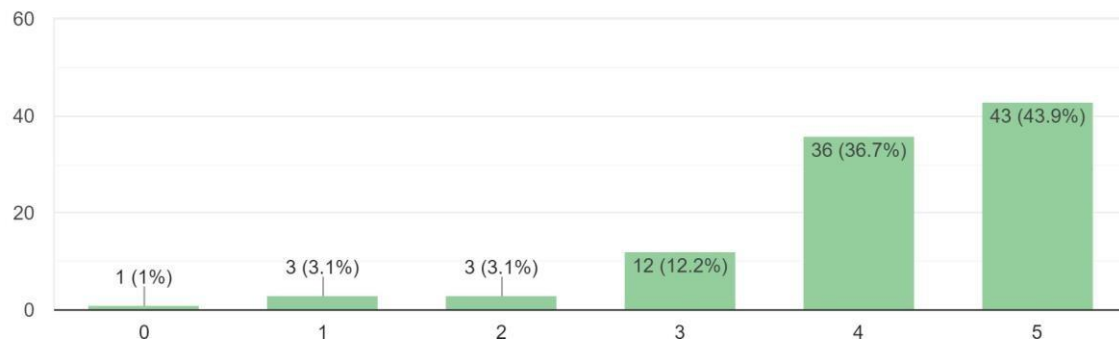
7. Conclusion

The evolution of e-commerce has significantly transformed consumer behavior, with a substantial majority (81.8%) favoring online shopping over traditional offline methods. The research underscores the pivotal role of trust in shaping these preferences, revealing that factors such as website features, safety of payment gateways, and perceived trustworthiness heavily influence customer choices. Product categories like clothing, electronics, and accessories dominate online purchases, while preferences for furniture still lean toward offline buying. Amazon emerges as the most preferred e-commerce platform, followed by Flipkart and Myntra, showcasing the significance of platform reputation in fostering trust.

The study reaffirms the multifaceted nature of trust in e-commerce, reflecting the insights from prior literature that emphasize site quality, technical trustworthiness, and market orientation as key determinants of customer trust. Additionally, factors such as gender, age, and personal experiences further modulate trust perceptions in online transactions. Insights gleaned from both primary and secondary data underscore the need for businesses to prioritize customer trust-building initiatives, leveraging strategies like enhancing site features, ensuring secure payment gateways, and offering personalized experiences to bolster customer satisfaction and loyalty.

In conclusion, this research offers a nuanced understanding of the factors influencing customer trust in e-commerce, providing actionable recommendations for businesses to navigate the dynamic landscape and forge enduring relationships with their online clientele. Understanding and addressing these factors are pivotal for businesses aiming to thrive and succeed in the digital marketplace of the future.

8.References :

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2. Yoon, H. S., & Occeña, L. G. (2011). Influencing Factors of Trust in Consumer-to-Consumer Electronic Commerce with Gender and Age. In Journal of Electronic Commerce Research, 12(4), 386-398. https://www.semanticscholar.org/paper/Influencing-factors-of-trust-in-electronic-commerce-Yoon-Occe%C3%B1a/b150c62adff33fcb49c06f45591409e7c0992405

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