

Factors responsible for Building Trust in Online Tourism Companies

Nidhi Phutela
Research Scholar (Management)
Lovely Professional University
nidhiphutela@gmail.com

Dr. HIRAK DASGUPTA
Associate Professor
Lovely Professional University
hirak.16105@lpu.co.in

Abstract: Travel and tourism is one of the world's largest and fastest growing industries. As a young country, India is in the midst of the process of developing and expanding its tourism industry. Digitization in every industry has laid a new foundation in the consumer market. On one end, the company's exposure to a larger audience has increased; while on the other, the challenge to retain the customers has also enlarged. Tourism industry has also widened its horizon from being an offline industry to entering this virtual world. Gaining consumer trust in online industry is of great importance and the study of Consumer Trust in Online Tourism Companies is of immense significance which may help understand the overall Consumer Trust on virtual world in Indian context. This paper is an attempt to uncover the factors that build consumer trust in an online environment in context of tourism industry.

Keywords: Consumer trust, factors, online companies, Travel and Tourism industry.

I. Introduction

Tourism as an industry has a wide scope in our economy and Internet has brought about a revolution in this industry as well. Huge opportunities exist in terms of promotion of tourism resources as well as increase in total earnings from this industry [1]. E-tourism portrays a new way of doing business where even global markets can also be easily and quickly accessed with minimal incurrence of costs. Reports from Phocuswright reveal that despite of many odd factors (like slow economy, rising fuel prices and a troubled aviation sector); India's travel marketplace is expanding rapidly, and is poised for strong double-digit growth for the next several years. The total travel market advanced 14% in 2011, and will continue to expand at a similar pace. The middle class of the country is growing at a faster pace and also they are increasingly tech-savvy accompanied by a strong appetite for travel [2]. Research was conducted at PhocusWright and the report reveals that, "*A new breed of traveller is emerging from India – more independent, affluent, technology savvy and hungry for travel,*" as stated by Douglas Quinby, senior director, research at PhoCusWright. In spite of a slowdown in the economy, India's expanding traveller class is stimulating rapid growth in the total travel market and increasingly eager to embrace online travel planning and booking tools. In order to stay ahead in the highly competitive industry, marketers need to understand in depth about the digital landscape and rich insights into consumers' online research and booking activity in this sector [3]. The result is that it leads to the selection of proper supply components and benefits that suit different market segments. Tourist behaviour studies in the field of travel and tourism have examined the relationship between satisfaction level and online bookings. However, not much has been studied about how to attract more customers by building trust in them. Tourism and leisure activities are becoming more and more important in the people's life. So, e-tourism companies need to focus on how to attract and simultaneously retain more and more tourists. Tourist relationship management is a crucial subject which firms take special attention to, as directly or indirectly it results in Tourist satisfaction, Tourist loyalty and finally Tourist retention. In order to have satisfied customers to

its credit, a company should first investigate factors which affect their satisfaction levels. Hence, it needs to answer how to win consumer trust. Trust in the internet store is a consumer's willingness to rely on the seller and take action. Hence, trust is an important element which affects the consumers' purchasing decision. And, there is a scarcity of research on trust in consumer marketing. Trust is a social lubricant that allows consumers to transact with merchants who are not part of their immediate network. Moreover, it mitigates the consumer's perception of the risks involved in a purchase situation. If the initial perception of risk is high, the trust needed to facilitate the transaction will also be high [4]. In marketing, trust has been empirically tested as a key factor in the initiation, development and maintenance of any long-term relationship. Trust leads to customer loyalty and commitment. Building a group of loyal customers is money in a bank, but loyalty requires a long-term relationship in which a company earns its customers' trust [5]. It also encourages cooperation and agreement while having the ability to increase the persuasive power of a company in a transaction, since a trusting consumer is less price-sensitive. In spite of all the positivity, the biggest drawback faced by the industry is lack of trust in an online environment. Therefore, the necessity of understanding the individual tourist characteristics that builds trust in e-tourism companies increases not only academically but practically as well. Questions arise in the mind of researcher in this context are: Whether trust is important for attracting new customers? What are the antecedents of trust? Which factors are responsible for building and maintaining trust amongst consumers for converting them from lookers to bookers? and Which factors will help in retaining the customers or making them loyal towards a particular website?" This study particularly aims at: explaining the factors and dimensions of trust, describing the operational dimensions of trust in e-commerce/ e-tourism as viewed by different researchers and to identify an unexplored area, if any, which needs an in depth investigation particularly suitable to a developing country, in particular, India.

II. Trust: Factors and Dimensions

When rules and customs are insufficient, people rely on trust and familiarity as primary mechanisms to reduce social uncertainty [6]. The relative paucity of regulations and customs on the internet makes consumer familiarity and trust especially important in the case of e-commerce. Lack of an interpersonal exchange and one-time nature of typical business transaction on internet make this kind of consumer trust unique, as trust is dependent on other people and is nourished through interactions with them. Trust is an integral part of the industrial selling process. As in [7], researchers investigated on the conceptualization of trust in an industrial sales setting. Trust components approach to the measurement of trust was used to identify the relevant dimensions that a salesperson could develop to be considered "trustworthy" by the buyer. They concluded that overall trust is significantly related to the assumed trust components – dependable, reliable, honest, responsible and likeable. Various antecedents of trust in Social commerce are: reputation, size, information quality and communication on consumers' trust [8]. The results provide strong support for all these four variables thereby indicating their crucial role in building consumers' trust in the firm. Consumers depend on the s-commerce firms suggesting that online consumers understand that purchasing products or services online entail a higher level of risk than offline purchases because of the anonymity of the online environment. In a way, they try to avoid potential risks like fraud and no delivery. Trust as described by [9] is "an individual's belief in, and willingness to act on the basis of, the words, actions and decisions of another." They asserted that trusting another individual can be grounded in the person's his/her ability (competency), integrity (adherence of principles by trustees) and benevolence (honest and open communication). That is, more presence of these characteristics in the trustees, more will be the level of trust. They also indicated different levels of trust from: calculus-based trust to identification-based trust. Companies can strengthen their customers' trust by performing competently, establishing

consistency and predictability, communicating accurately, openly & transparently, sharing & delegating control and showing concern for others.

In short, trust is characterized by:

- Dependability
- Reliability of information
- Responsibility in using the information
- Ability
- Integrity
- Benevolence

III. Trust in E-Tourism Companies – Operational Dimensions

Considered by Different Researchers

Online transactions are not only characterized by uncertainty, but also by anonymity, lack of control, making risk, etc. In short, buying on the internet presents numerous risks for consumers over and above the transaction process itself being perceived as risky [10]. Since the online consumer cannot personally inspect products or services and does not even know what the retailer will do with the personal information that is collected during the shopping process. Hence, online environment includes several distinct factors that influence brand trust [11]. Accordingly, brand trust is affected by the following web purchase-related factors namely: security, privacy, brand name, word-of-mouth, good online experience and quality of information. Moreover, building e-brand trust requires a systematic relationship between a consumer and a particular web brand. One of the major factors that can have an adverse impact on consumer's willingness to purchase online is increasing consumer's privacy concern [12]. Three aspects that have received attention from researchers are: *unauthorized secondary use of data, invasion of privacy and errors*. The research revealed that although the consumers are concerned with the aspect of privacy, it did not have any direct bearing on their propensity to purchase from travel websites. Consumer trust in an internet vendor is an issue commanding more and more attention [13]. Trust is an especially important factor under conditions of uncertainty and risk and Online purchasing transactions involve more uncertainty and risk than traditional shopping [14]. They developed a research model presenting major relationships between consumer trust in e-commerce and four major potential antecedents namely: trustworthiness of the Internet merchant, trustworthiness of internet shopping medium, infrastructural factors and other factors. Moreover, there are several important motivating factors that motivate the consumers to purchase online. Consumer's intention to search internet for product information is a key element for marketing researchers in predicting consumers' internet purchasing intentions [15]. The biggest problem faced by e-commerce owners is the trust deficit by visitors to the site [16]. He emphasized on the fact that most of the website companies focus only on the product specifications and other technical details of the website but overlook the most important factor i.e. Trust for online purchasing. He identified five major reasons for visitor's reluctance namely: *No Brand Recognition, lack of documentation, no peer Reviews, certifications not displayed and Shabby Website Design..* E-service quality is very crucial for online purchases and generating loyalty for the website amongst its customers [17]. E-service quality (e-SQ) is a crucial factor that can significantly determine customer satisfaction, purchase, loyalty and retention through a website. They highlighted thirteen major variable dimensions to measure e-SQ namely: *Information fit to task, interactivity, trust, responsiveness, Design Appeal, Intuitiveness, Visual Appeal, Innovativeness, Flow-Emotional Appeal, Integrated Communication, Business Process And Viable Substitute*. As in [18], a model was tested and results revealed that when consumers evaluate a website design, they consider information quality, system quality and service quality as the most important factors. The findings also

confirmed that *quality of website design; consumer's search intention and consumers' trust* influence their online purchase intention. Trust is the most important factor in order to achieve a high degree of website satisfaction which further raises the loyalty levels as well as recommendation for others [19]. Every website and travel information provider has to face the challenge of trust building individually and cannot rely on the improved general internet penetration and level of familiarity. Dimensions of internet purchase attitudes include: *risk reduction, flexibility, convenience and trendiness*. The customer's perception about the website usability also increases his loyalty towards websites that they visit [20]. Trust of the user increases when the user perceived that the system was usable and that there was a consequent increase in the degree of website loyalty. Furthermore, greater usability also had a positive influence on user satisfaction and greater website loyalty. Also, user trust was partially dependent on the degree of consumer website satisfaction. Hence, the need arises to understand the reasons for purchasing on the world wide web [21]. A theoretical model of antecedents to electronic exchange was developed with an objective to understand the reasons for the same. The model shows the likelihood of electronic exchange as the focal construct of interest influenced by consumer and vendor characteristics, concern for privacy and perceived security of transactions. Thus, across two models (with frequency of shopping and amount spent online as dependent variables) customer characteristics dominate all other variables. Interestingly, the factor that is significant in increasing the frequency of shopping on the web is vendor characteristics. Trust is a strategic imperative that strongly influences consumer intentions to transact with unfamiliar vendors via web [22]. They laid emphasis on three behaviors that are critical to the realization of web-based vendor's strategic objectives namely: *following advice offered by web vendor, sharing personal information and purchasing from vendor's website*. They also worked on factors that help in building trust and include:

- *Structural Assurances*: Consumer perceptions of safety of web environment
- *Perceived Web Vendor reputation*
- *Perceived Website Quality*

Dimensions of trust as identified by [23] include: competence, integrity and benevolence. Competence refers to a company's ability to fulfil promises made with the consumers, Integrity suggests that company acts in a consistent, reliable and honest manner and Benevolence is the ability of a company to hold consumer interests ahead of its own self-interest and thereby indicates sincere concern for the welfare of the customers. The sources of trust identified include the characteristics of the consumer, the firm, website and interaction between consumer and the firm. User-friendly and good informative websites motivates the consumers to visit again and again. They also help in building the trust in the consumer's mind. As in [24], researcher stressed on how to attract and retain the users through user friendly and trustworthy websites. The relationship between user trust and usability of a website is scrutinized by analyzing three airline websites. The variables undertaken in this study include: color combination, page scrolling, link names, link explanation, search facility, online booking, seat availability and customization. They concluded that use will lead to greater user satisfaction and finally increased intention to use. It was further extended by [25]. He developed a model representing the determinants of consumer trust in an online travel site by identifying 6 factors including website's reputation, characteristics, service quality, consumer's education level, perception of risk associated with online shopping and consumer's overall satisfaction level with the site that have an influence on consumer's overall trust in an online travel website.

Benefits of Trust

Online trust is a key differentiator that determines the success or failure of many online companies [26]. Trusted websites can provide customers with a secure and private online shopping experience. And at the same time could alleviate customers' concerns about the

leakage, unauthorized collection, or the misuse of their private information, promote deep customer loyalty and help the companies build a positive relationship with their customers while increasing their market share and profits. Online trust is one of the key obstacles to vendors succeeding on the internet medium [22]. They declared that perceived usefulness, perceived security, perceived privacy, perceived good reputation and willingness to customize are the important antecedents to online initial trust. As per the research, both online initial trust and familiarity with online purchasing have a positive impact on purchase intention. Edelman Trust Barometer (2013) highlighted tangible benefits of trust which include: customers chose to buy products/ services, recommending them to a friend, paying more for products, sharing positive opinions online and buying share of the company.

IV. Area of Trust Building Factors Which Remains Mostly Unexplored

Discussion reveals that though some research investigations are on analyzing trust in online companies, but the number in Indian context is extremely inadequate. Review also identifies another area where there is scope of in depth investigation. Discussion is as follows:

The increasing importance of digitization of tourism industry is resulting in the sector's growth. But, the growth of this digitization is different in different economies. People respond differently to electronic commerce and there is a learning curve for most consumers to behave in electronic commerce in a way they feel the most comfortable. Some consumers enjoy shopping and buying online and online shopping has become part of their daily lives, whereas others may consider it, without taking any action yet [27]. Customer's values are strongly rooted in history and tradition [28]. Culture may also affect the antecedents of consumer trust, i.e., consumers in different cultures might have differing expectations of what makes a web merchant trustworthy [29]. The variability in its acceptability is also significant because of the varying cultures and trust levels. Retailing strategies for one country cannot be extended to other countries without adaptation [30]. They further stressed that consumer behaviour of different countries will be different because of converging technology and disappearing income differences across countries. As in [31], researchers examined the differences in Internet Usage, Internet innovativeness, perceived risks of Internet Buying and Internet buying behaviours between Korea and America. According to them, there are significant differences in Internet usage and the perceived risks of internet buying intentions or online buying experience between different consumers. In India, very few works have been conducted on analyzing trust factors for online companies. But, study on company's perspective of trust building factors, in particular, is extremely inadequate. Hence, this study will be undertaken to analyze the Indian consumer behaviour in context of online shopping. The major objective of this study revolves around the inhibiting factors that reduce the level of trust in the minds of Indian consumers while using online tourism companies. It will also study factors that build trust and affect consumers' purchasing intentions positively.

V. Conclusion

Although customers wish that all their needs would be satisfied at once, but marketers must understand the needs as well as most importantly their priorities. This research study therefore has highlighted relevance of analyzing the *factors that contribute to trust of Indian tourists in e-tourism companies* with reference to the view of different other researchers. Understanding the nature of construct of trust is important for a number of reasons, particularly to create more value for the customers. An in-depth analysis of this industry will help to:

- Identify the reasons for selection of e-tourism by consumers (tourists).
- Removing doubts that prohibit online users from purchasing online.
- Recognize the tourist's expectations from tourism websites.

- Discover the factors responsible for tourist satisfaction.
- Make out the factors responsible for tourist loyalty.

VI. References

- WTTC Travel and Tourism Economic impact Report 2012, http://www.wttc.org/site_media/uploads/downloads/world2012.pdf.
- Juman, D. (2012). "Online Travel bounces with consumer confidence". http://www.phocuswright.com/research_updates/online-travel-bounces-with-consumer-confidence.
- Gandhi, S. (2011). "State of the internet in India – June 2011 – A report by ComScore".
- Mayer, R. J., Davis, J. H. and Schoorman, F.D. (1995). "An integrative model of organizational trust". *Academy of management Review*, Vol.20. pp709-734.
- Bowen, J. T. and Shoemaker, S. (1998). "Loyalty: A strategic commitment". *Cornell Hotel & Restaurant Administration Quarterly*. Vol.39. pp12-25.
- Gefen, D. and Straub, D. W. (2004). "Consumer trust in B2C e-commerce and the importance of social presence: experiments in e-Products and e-Services". <http://dx.doi.org/10.1016/j.omega.2004.01.006>.
- Swan, J. E., Trawick Jr. I., Rink, D. R. and Roberts, J. J. (1988). "Measuring dimensions of purchase trust of industrial salespeople". *Journal of Personal Selling and Sales Management* 1st ed., vol. 8. pp1-9.
- Sanghyun, K. and Mi-Jin Noh, (2012). "Determinants influencing consumers' trust and trust performance of social commerce and moderating effect of experience". *Information Technology Journal*, 10th ed., vol.11. pp1369-1380.
- Lewicki, R. J. and Tomlinson, E. C. (2003). "Trust and Trust Building". <http://www.beyondintractability.org/bi-essay/trust-building>.
- Grabner-Krauter, S. and Kaluscha, E. A. (2003). "Engendering consumer trust in e-commerce: Conceptual clarification and empirical findings". *Trust in the Network Economy*, 1st ed., vol. 2. pp55-69.
- Hong-Youl, H. (2004). "Factors influencing consumer perceptions of brands trust online". *Journal of Product & Brand Management*, 5th ed., vol. 13. pp329-342.
- Brown, M. R., Muchira, R. and Gottlieb, U. (2007). "Privacy concerns and the purchasing of travel services online". *Journal of Information Technology & Tourism*, 1st ed., vol. 9. pp15-25.
- Chen, S. C. and Dhillon, G. S. (2003). "Interpreting dimensions of consumer trust in e-commerce". *Information Technology and Management*. 2nd – 3rd ed., vol. 4. pp303-318.
- Matthew, K. O. Lee and Turban, E. (2001). "A Trust model for consumer Internet shopping". *International Journal of Electronic Commerce*, 1st ed., vol. 6. pp75-91.
- Shim, S., Mary Ann, E., Lotz, S. L. and Warrington, P. (2001). "An online pre-purchase intentions model: The role of intention to search". *Journal of Retailing*, vol.77. pp397-416.
- Ron (2011). "Building Customer Trust in your website. Getting over the trust deficit and building loyalty." www.blog.miracleworx.com. September 17, 2011.
- Sigala, M. and Sakellariadis, O. (2004). "Web Users' cultural profiles and e-service quality: Internationalization Implications for Tourism Websites". *Journal of Information Technology & Tourism*, 1st ed., vol. 7. pp13-22.
- Wen, I. (2010). "Online travelers' decision Makings: A new equation model to evaluate impacts of website, search intention and Trust". *Journal of Information Technology & Tourism*, 2nd ed., vol.10. pp153-173.

- Bauernfeind, U. and Zins, A.H. (2006). "The perception of exploratory browsing and trust with recommender websites," *Journal of Information Technology & Tourism*. 2nd ed., vol. 8. pp121-136.
- Flavian, C., Guinaliu, M. and Gurrea, R. (2006). "The role played by perceived usability, satisfaction and consumer trust on website loyalty". *Information & Management*, 1st ed., vol. 43. pp1-14.
- Swaminathan, V., Lepkowska-White, E. and Rao, B. P. (1999). "Browsers or buyers in cyberspace? An investigation of factors influencing likelihood of electronic exchange". *J Comput-Mediat Commun*. 5
<http://www.ascusc.org/jcmc/vol5/issue2/swaminathan.htm>.
- McKnight, D. H., Choudhury, V. and Kacmar, C. (2002). "The impact of initial consumer trust on intentions to transact with a website: a trust building model". *The Journal of Strategic Information Systems*, 3rd- 4th ed., vol. 11. pp297-323.
- Chen, Y. and Barnes, S. (2007). "Initial trust and online buyer behavior". *Industrial Management & Data Systems*, 1st ed., vol. 1079. pp21-36.
- Bedi, P. and Banati, H. (2006). "Trust Aware Usability". *Journal of Information Technology and Tourism*, 34th ed., vol. 8. pp215-226.
- Chen, C. (2006). "Identifying significant factors influencing consumer trust in an online travel site" *Journal of Information Technology and Tourism*, 34th ed., vol.8. pp197-214.
- Lauer, T. W. and Deng, X. (2007). "Building online trust through privacy practices". *International Journal of Information Security* 5th ed., vol. 6. pp323-331.
- Li, H., Kuo, C. and Rusell, M. G. (1999). "The Impact of perceived channel utilities, shopping orientations, and demographics on the consumer's online buying behavior". *Journal of Computer – Mediated Communication* 5(2).
<http://onlinelibrary.wiley.com/doi/10.1111/j.1083-6101.1999.tb00336.x/full#ss9>.
- Marieke de Mooij, (2000) "The future is predictable for international marketers: Converging incomes lead to diverging consumer behaviour", *International Marketing Review*, 2nd ed., vol. 17. pp103 – 113.
- Jarvenpaa, S. L., Tractinsky, N. and Saarinen, L. (1999). "Consumer Trust in an Internet Store: A Cross Cultural Validation". *Journal of Computer-Mediated Communication*. 5:0. DOI: 10.1111/j.1083-6101.1999.tb00337.x.
- Mooij, M. and Hofstede, G. (2002). "Convergence and divergence in Consumer Behavior: Implications for international retailing". *Journal of Retailing*, 1st ed., vol.78. pp61-69.
- Cheol, P. and Jong-Kun, J. (2003). "A cross-cultural comparison of Internet buying behavior: Effects of internet usage, perceived risks and innovativeness". *International Marketing Review*, 5th ed., vol.20. pp534-553.