A Critical Examination of the Role Consumer Trust Plays in the Success of Online Retailers: A Guide for Retailers in Guyana

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Abstract

The aim of this study was to examine the role trust plays in the success of online retailers, the findings of which will be used as a guide to Guyanese online retailers. The importance of this study was enhanced by the fact that there is an increase in the number of online retail shopping centers being created in Guyana owing to the Covid-19 pandemic and the recent liberalization of the telecommunications sector in Guyana. This research was conducted by way of systematic review using secondary data from published journals and academic sources within the period 2009-2024. It was underpinned by interpretivism and an inductive approach was employed. It was found that online trust is influenced by factors including cybersecurity, perceived risk, perceived technology, buyer uncertainty, culture, and online reviews. Overall, it plays a significant role in the success of online retailers. This study revealed that customers may trust one of the above aspects but not necessarily all of them collectively. Therefore, online retailers in Guyana, to ensure success, must work towards earning consumers' trust in all categories outlined. To enhance trust, it was recommended that online retailers have adequate security mechanisms such as end-to-end data encryption, pay keen attention to customer feedback, have clear delivery and return policies and display clear and accurate product descriptions.

Keywords: Consumer Trust, Cybersecurity, Guyana, Online Retail.

Introduction

Globally, online shopping is booming, thanks largely to the fact that more individuals are obtaining access to the internet. There are an estimated 5.4 billion internet users at the end of 2023 as compared of 5.3 billion users at the end of 2022 [1]. In Guyana, there is an increasing number of individuals acquiring internet access. There are 687,600 internet users in Guyana as of January, 2023, an increase of 0.5% from January, 2022 reflecting an 84.8% penetration of the total population [2]. This is a massive 47% increase in penetration since 2017 [3]. Despite this, the Guyana economy remains reliant on cash. Only few Guyanese enterprises use e-commerce, but the number is expanding. The use of online purchasing is used mainly by some companies to acquire foreign goods. Credit cards are rarely utilized in Guyana and are not recommended for business travelers outside of Georgetown's main hotels [4]. This shows that there is an opportunity for businesses to capitalize on.

It is critical for Guyana's retail enterprises to grasp how online businesses have affected the way consumers purchase in other nations, as well as the techniques merchants in those countries have used to stay in business. Businesses who sell their products or services on online marketplaces must earn the confidence of their customers and take advantage of this marketing opportunity in order to enhance profits and to gain and maintain a competitive advantage. With trust being a critical factor in the success of online businesses, the rationale for this study is to

better understand the role it plays in the success of such businesses, and how businesses in Guyana can be guided to ensure success. The importance of this study is enhanced by the fact that there is an increase in the number of online retail shopping centers being created in Guyana at the moment.

Research Aim

The aim of the study is to examine consumer trust in e-commerce and the role it plays in the success of online retailers, the results of which retailers in Guyana can be guided.

Objectives

The objectives of this study are:
1. To identify and discuss key factors that affect consumer trust in e-commerce.
2. Analyze findings from published literature and make recommendations so retailers in Guyana can be guided to better position themselves for success in e-commerce.

Materials and Methods

This study engaged in a systematic review.

The systematic analysis is a review technique that employs credible, scientific, and transparent methodology with the goal of reducing bias through comprehensive literature searches [5].

A systematic review is the most appropriate method for this study since it allows for data from previous research to be critically analyzed so that the objectives of the research can be met. The following steps in the process of data selection and analysis will be implemented:
1. The study will seek an answer to the question: What role does trust play in the success of online shopping?
2. Appropriate studies will be identified and their findings will be screened for relevance and depth in the research topic.
3. Inclusions: Only secondary data will be collected from published journals and academic sources within a fifteen years range; from 2009-2024.

4. Exclusions: Studies which have no findings relative to the research topic will not be considered.
5. Data collected for this study will be from academic sources that include: Google Scholar, Research Gate, Academia, Emerald Insights, Science Direct, etc.
6. Keywords search terms include: E-commerce, trust in e-commerce, importance of trust in online shopping.
7. The data needed to address the research topic will be extracted, analyzed and presented.

Data Collection/Analysis

For this investigation, only secondary data was gathered. These were gathered in the fields of e-commerce and trust in e-commerce. All data was obtained with the goal of ensuring reliability and validity.

Validity describes the extent to which the acquired data pertains to the real subject of the study while the degree to which a measurement of a phenomenon yields a stable and consistent result is referred to as its reliability [6].

Only peer-reviewed journals, published papers, reports, and other relevant data from reputable websites such as the United Nations, Statistica, and others were used in this study to assure validity and reliability. All of the data presented were from 2009 to 2024.

Results

Cybersecurity

1. Security has a positive effect on trust. The higher the security provided by the seller, the higher the consumer trust [7].
2. Although some security mechanisms are in place, users are still at risk when engaging in transactions in cyberspace [8].
3. Sharing of personal information online could result in stealing of that information which can later be inappropriately used [9].
4. Consumers feel concerned that their personal and bank account information is abused by a third-party [10].

5. A single case of security issue hinders the confidence of many [11].
6. Strict cyber laws are necessary for protecting the interest of digital customers [11].
7. Online shoppers are less anxious of security now as compared to the past [12].

Perceived Risk

1. Perceived risk has a negative effect on trust. The lower the risk perceived by consumer, the higher the consumer trust [7].
2. There are three negative sub factors in perceived risk: privacy, system security, and product problem [13].
3. Research confirms the positive significant impact of product risk, convenience risk, and return policy risk on consumer behavior of online shoppers in Malaysia [14].
4. The personal data privacy risk that reside on seller website remain an obstacle in the relationship between consumers and Indonesian online stores [15].
5. Although some security mechanisms are in place, users are still at risk when engaging in transactions in cyberspace [8].
6. Online buyers are more acquainted, aware, and technologically updated to face the challenges of online security [12].

Perceived Technology

1. Perceived technology along with online trust have a significant relationship with online purchase intention [15].
2. Perceived technology was found to be the most significant trust building factor [15].
3. There is no correlation between education and online shoppers in developed countries while in developing countries they share positive correlation. Root cause was not education but it was lack of awareness [16].

Buyer Uncertainty

1. Attributed to unknown suppliers, and, to unreliable, unsafe and fraudulent sites [9].

Culture

1. Trust is influenced by factors such as the individual's cultural background, personality and experiences [17].

Online Reviews

1. Consumer reviews had a strong effect on perceived trustworthiness of the online store [18].
2. Doubt (rather than confidence) is associated with increased trust. People consider doubtful reviews as useful, and the beneficial effects of doubt are stronger for positive (vs. negative) reviews [19] .

The factors outlined above all impact online trust. Overall, trust has a positive effect on purchase decision; the higher the consumer trust in sellers, the higher the consumer purchase decision [7]. Therefore, the impact of trust on the success of online retailers is significant.

Discussion

Cybersecurity

Cybersecurity is a critical influencer of online trust since higher levels of security has a positive effect on trust. This hypothesis was tested and proven by Mahliza (2020) using a component based structural equation modeling (SEM) approach known as Partial Least Square (PLS) [7].

The results show that security in online commerce transactions is proven to affect consumer trust. This finding by Mahliza (2020) is logical since it is closely aligned to the findings of Sharma & Vishwakarma (2020) [12] and Kamis & Zulkiffli (2020) [8] who all outlined risks of operating in cyberspace including theft and inappropriate use of personal data. These risks explain Kamis & Zulfillfi's correlation of trust to buyer intent. So important is cybersecurity to online trust that Rastogi (2015) concluded that a single issue can have detrimental effects on buyer confidence and called for more strict cyber laws to protect digital consumer interests [11]. Despite this,

Sharma & Vishwakarma (2020) says online shoppers are less anxious of security now as compared to the past [12]. Their view can be attributed to buyers being more acquainted, aware, and technologically updated to face the challenges of online security.

Perceived Risk

Another major influencer of online trust is perceived risk. Mahliza (2020) concluded that the lower the risk perceived by consumer, the higher the consumer trust [7].

Research by Tham et al (2019) identified 5 risks associated with online shopping behavior: product risk, financial risk, convenience risk, non-delivery risk and return policy [14]. Their research confirms the positive significant impact of product risk, convenience risk, and return policy risk on consumer behavior of online shoppers. On another note, it was identified that non-delivery risk has a negative impact on online consumer behavior and financial risk is found to have a negative, insignificant impact on online shopping behaviors.

As with the case of cybersecurity above, the views of Kamis & Zulkiffli (2020) that risks exist while operating in cyberspace [8], and Sharma & Vishwakarma (2020) [12] that online shoppers are less anxious of security now as compared to the past, are both applicable.

Perceived Technology

Perceived technology has moderate effect on online trust. This is the conclusion of Wijoseno & Ariyanti (2017) who found that greater e-commerce knowledge and greater perceived technology increases online trust and has significant impact on purchase intention [15]. In contrast, Gehrt et al (2012) [20], Khurana & Kaur (2017) [21], and Ruby (2014) [22] suggest that online shopping is mostly associated with younger generations, those who are technologically sophisticated, and those who hold professional occupations. While these findings may be true, knowledge of e-commerce ultimately comes down to individuals themselves, therefore, age and occupation cannot be the only contributing factors to e-commerce knowledge. As Sharma & Vishwakarma (2020) outlined, perceived technology is attributed to individual comfortable levels, which today, results in people being less concerned about security than in the past [12].

Buyer Uncertainty

Gupta et al (2013) asserts uncertainty to unknown suppliers and fraudulent sites which can be unreliable and unsafe [20]. Given the findings and discussions of cybersecurity, perceived risk and perceived technology, this assertion has merit and contributes to overall online trust. One of the disadvantages he outlined of shopping online in not being able to physically examine, try on or test products before buying. This directly supports Rastogi (2015) [11] that buyer uncertainty arises from not being able to accurately judge what they're buying online, and ultimately, purchasing decision is affected. However, it can be argued that this uncertainty reduces with repeat customers. This argument is supported by Kim et al (2012) [23] who say uncertainty grows when customers have not done business with a specific online vendor. Therefore, the biggest hurdle for online vendors is getting a customer to make a first purchase, without hurdles, so as to alleviate some of their fears.

Culture

Trust is influenced by factors such as the individual's cultural background, personality and experiences (Hallikainen & Laukkanen, 2018) [17]. Having formed hypotheses to investigate the impact of Hofstede's cultural dimensions on:

1. Trust disposition (examined in the areas of collectivism, uncertainty avoidance, long-term orientation, power distance, and masculinity), and

2. How trust disposition affects an online vendor's perceived trustworthiness (dimensions of trustworthiness examined in areas of ability, integrity and benevolence),

They found culture alone accounts for 23% of the variance in an individual's trusting disposition. Additionally, a person's trustworthiness perception is influenced by their trustworthiness disposition, and that the three dimensions of trustworthiness are all relevant in determining an online store's trustworthiness. The determination, however, of an online store's integrity and benevolence is difficult since this is subjective and based on individual perceptions. Those perceptions vary from individual to individual based on personality and experiences, in addition to cultural background. Nevertheless, the use or third-party security certificates and positive user reviews can impact online trust.

Online Reviews

Utz et al (2012) [18] found that consumer reviews have a strong effect on perceived trustworthiness of the online store. A positive review resulted in a higher trustworthiness judgment than a negative review and even more interestingly, the effect of reviews on trustworthiness was higher than the effects of store reputation. The trust-reducing effect of a negative review was only slightly stronger than the trust-enhancing review of a positive review. In a surprising psychological twist, Evans et al (2021) found that positive reviews were seen as less authentic than negative reviews, and that positive reviews were seen as more authentic when they contained a doubtful conclusion [19]. The effects of online reviews cannot be underestimated since, according to Utz et al 2012), negative reviews can have a lasting damage on vendor reputation. Online trust can be enhanced by positive reviews that shed lights on integrity of vendor as outlined by Gupta et al (2013) [9] while lack of reviews on less

established sites can lead to buyer uncertainty (Kim, Xu, & Gupta, 2012) [23].

Conclusion

Using this study's findings, the researcher concluded that consumer trust influences consumer spending and shopping behavior (Mahliza, 2020) [7]. While other factors may influence consumers' decisions to shop at one online store over another, this study's findings suggest that consumer trust is a critical factor.

Security, risk, technology, buyer uncertainty, culture and online reviews all contribute to overall consumer trust. This study revealed that customers may be able to trust one of the above aspects but not necessarily all of them collectively. Therefore, online retailers in Guyana, in order to ensure success, must work towards earning consumers' trust in all categories outlined.

To gain the trust of online shoppers and be successful, online retailers in Guyana should:

1. Invest in adequate security mechanisms. Use professional, experienced developers who are knowledgeable of data encryption and proper coding techniques to build and manage website. Adding an SSL (Secure Socket Layer certificate) certificate would allow for end-to-end encryption thereby increasing overall safety website and prevent data breaches [24].

2. Pay attention to customer feedback by properly analyzing online reviews. This would assist in business owners identifying positive and negative trends so action can be taken. Addressing negative reviewers with positive actions such as refunds and product replacement would allow for others scanning the reviews to have more confidence in making a purchase knowing any shortcomings will be addressed thereby increasing trust.

3. Have clear delivery and return policies. The financial risk of buying online can be reduced by ensuring measures are in place for dissatisfied customers to return

products and be compensated. Implementing a fifty percent payment on purchase and fifty percent on delivery or even a full payment on delivery strategy would allow customers to inspect products before completing payments thereby significantly reducing returns.

4. Ensure product descriptions are clear and leave no room for doubt. Describing product dimensions, colour(s) and materials products are made from can help

to answer questions customers may have and increase buyer confidence.

Conflict of Interest

There are no known conflicts of interest by the author at the time of production and release of this academic journal.

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