Effects of Electronic Trust on Purchase Intentions in Online Social Review Networks: The Case of TripAdvisor.com

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Abstract: The purpose of this research study is to examine the effects of trust beliefs on purchase intentions of trip planners within the context of online social review network by analyzing dimensions of e-trust and effects on purchase intentions. With the intention to test these effects a survey was executed and the data collected from 320 participants. Multiple regression analysis was conducted to analyze the hypotheses related to the factors affecting the overall electronic trust level and purchase intentions. The findings confirmed the existence of the significant effects of integrity, competence, benevolence and predictability dimensions on the overall electronic trust level. The standardized regression coefficients suggested that the integrity and benevolence contribute strongly; competency and predictability contribute moderately to overall trust. Additionally a series of stepwise regression analyses were also conducted with the purpose of determining the effect of trust dimensions on purchase intention of consumers to buy the product. The standardized regression coefficients suggested that the integrity and benevolence contributed strongly and competency contributed moderately to purchase intention, while predictability was not a significant contributor in the model.

Keywords: Electronic Trust, Social Review Networks, Electronic Trust Dimensions, Purchase Intentions

1. Introduction

Tourism sectors face a whole new series of challenges and opportunities with the development of information technologies (Buhalis, 2003). Since online purchasing of tourism products maintains its expansion acceptance within the sector, several tourism enterprises are coping with the advantages of the Internet as a business tool (Murphy and Tan, 2003; Forsythe and Shi, 2003; Beldona, Morrison, and O’Leary, 2005). The companies within the tourism sector can use the Internet to increase service quality; to decrease costs, and achieve profits by reaching new customers (Limayem, Khalifa, and Frini, 2000; Kim and Lee, 2004). Injection and expansion of Internet in tourism sectors have given birth to the emergence of universal online travel intermediaries such as Travelocity, Expedia, Orbitz, and Lastminute.com (Venkateshwar and Smith, 2006). According to PhoCusWright’s (2011) report about social media in the travel industry; more than two in three travelers cite traveler reviews as influential when planning leisure travel. On the other hand, according to Graham Jones, who is an internet psychologist and author specializing in how customers interact with the web, travel websites also need to enable trust and confidence that are powerful motivators in ebookers (Tnooz.com, 2010). Online network websites have been raised as a vital tool of marketing and promotion in the tourism and hospitality industry (Litvin, Goldsmith, and Pan, 2008). In addition to the developments in electronic buying and selling transactions, there are also alterations in the trip planning processes of consumers within online travel social networks. Members of these networks are able to interact and present reviews on various tourism products (Miguéns, Baggio, and Costa, 2008). Nowadays people can communicate with each other rooted in shared aims of individuals and businesses (Huang, Basu, Hsu, 2010). Travel intermediaries like Expedia, Travelocity, kayak.com, AOL, Yahoo! Travel are “all adding social network components to their existing functionality including dynamic packaging, consumer reviews, and mashups” (Green, 2007, p. 68). On the other hand, privacy matters are perceived as a major obstacle that restrains consumers to purchase tourism products online (Kolsaker, Lee-Kelley, and Choy, 2004). Because of the security phobia many consumers use the Internet as a search tool instead of a real purchasing medium (Buhalis and Law, 2008). In general terms, consumers stop themselves to complete their purchase transactions online as a consequence of psychological controls. Moreover, the major dismotivation source of consumers about their behaviour of avoiding the purchase of travel products online are the lack of personalized services, security issues, lack of experience, and time consuming characteristics of online shopping (Wolfe, Hsu, and Kang, 2004). For that reason, entrepreneurs of these cyber intermediaries need to be more careful in managing the relations with their customers and in providing a very secure environment to increase their customers’ trust. By this way, their customers are more
likely to be confident to purchase online (Chen, 2006, Bauernfeind and Zins, 2006). This study has been realized with the question of exploring the role of electronic trust within online travel social networks of tourism sector by revealing antecedents and effects.

2. Theoretical Background

2.1. Effects of Internet within Tourism Sector

The rising convenience of tourism associated information on the net has caused a restructuring of traditional distribution channels (Buhalis, 2000). The Internet has enabled the businesses to be capable to provide their products not only as a direct distribution but also by a very broad variety of channels (O’Connor and Frew, 2002). The expansion of communication and information technologies and principally the Internet have also altered consumer behaviour within the tourism sector substantially (Mills and Law, 2004). The "new" authorized and knowledgeable tourist try to get outstanding money related gains and time (Buhalis and Law, 2008; Gartner and Lime, 2000). Information and communication technologies present various instruments to aid and improve information search, product purchase and consumption processes. Nowadays, consumers do not depend on travel agencies to obtain travel information, to make air transportation bookings, accommodation room reservations, and other online purchases (Morrison, Jing, O’Leary, and Cai, 2001). They would certainly prefer to make reservations and obtain tickets at their homes by the use of online travel intermediaries with less waiting time (O’Connor and Frew, 2001). Information and communication technologies do not only give power to consumers to recognize, adapt and acquire tourism products and services but also they provide suppliers very valuable tools to build up, administer and allocate the products internationally (Buhalis, 1998). Consumers have been empowered to contact with producers directly. Internet supports the mass-customization of tourism products by maintaining the industry to focus on niche markets in different geographical sites (Buhalis and Law, 2008). It has provided many opportunities for consumers to communicate interactively with producers and to demand their own specific needs. Nowadays, consumers can participate in the product production, design, and development processes with the help of product transparency, the availability of sufficient information and more communication opportunities of Internet businesses (e.g. Dell, Travelvelocity.com online product possibilities). With these developments, it can be possible to obtain reasonably priced and consistent products that match precisely to the personal requirements (Sigala, 2005). As more consumers are like to pay more on tailored tourism products, put together their own holidays by combining and purchasing their own product components and generate their own elastic packages as a result of their more incomes, availability of free time and flexibility of travelers, popularity of ready tour packages has been decreased (Sigala, 2006). In the past, it was possible for consumers to reach only biggest companies and the ones located in their own geographical area. Today consumers are able to search and find several alternatives from all around the world and to purchase the products via the Internet. They can buy each single item of a packaged product separately as well as a whole (Buhalis and Law, 2008). The tourism and hospitality industry has introduced to social networking in the company of the emergence of Web 2.0 and Travel 2.0 (Huang, Basu, Hsu, 2010). Social networks offer an online environment of sharing the experiences and opinions of stakeholders (Green, 2007). Tourism sector online social network sites such as TripAdvisor characterize the behaviour of consumers (Buhalis and Law, 2008). Online socialisation between consumers noticeably improves producer-customer commitment (Kirkby, 2008). Most of the consumers request to have conversation opportunities with other consumers and they foresee to have some real communication and effect on producers. All enterprises within the tourism and hospitality sector have to build up new methods to appreciate the power of such e-conversations (Litvin, Goldsmith, and Pan, 2008).

2.2. Role of Trust in Electronic Business World

Schurr and Ozanne (1985) defined trust as the “belief that a party’s word or promise is reliable and that a party will fulfill his/her obligations in an exchange relationship” (p. 940). Citing this definition, Dwyer, Schurr and Oh (1987) described trust as a set of beliefs relating to the exchange partner’s ability and willingness to take part in the social exchange. Mayer Davis, Schooreman (1995) explained trust as the willingness of a party (trustor) to be vulnerable to the actions of another party (trustee) based on the expectation that the other (trustee) will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (trustee).

Trust within e-commerce has been perceived as one of the most vital factors in determining the effectiveness of e-business customer relationship management (Gefen, Karahanna, and Straub, 2003a; Saeed, Hwang, and Yi, 2003; Malhotra, Kim, Agarwal, 2004). Relationships between consumers and producers necessitate existence of trust for the reason of intangibility and inseparability characteristics of tourism products. Management of trust will determine the effectiveness of services marketing efforts (Berry and Parasuraman 1991, p. 144) and has been
considered as a critical success factor (Gefen and Straub, 2004; Kim, Song, Braynov, and Rao, 2003; Lee and Turban 2001). As told by Bart, Shankar, Sultan, and Urban (2005), privacy and order fulfillment are the most dominant factor that establishes trust for online tourism intermediaries. Deficiency of online trust had been perceived as one of the key impediments in online shopping and payment transactions (Tan and Thoen, 2001).

2.3. Dimensions of Trust

Synthesis from the literature underlines the three dimensions of trust: competence (or ability), integrity, benevolence and predictability (Tan and Thoen, 2001; McKnight, Choudhury, and Kaemar, 2002; Gefen, 2002; McKnight and Chervany, 2002; Ratnasingam and Pavlou, 2003; Adams and Webb, 2003; Gefen and Straub, 2004; Dimitriadis and Kyrezis, 2011; Dimitriadis, Kouremenos and Kyrezis, 2011).

Integrity is the insight that the trusted party obeys accepted rules of conduct, such as honesty and keeping promises (Mayer and Davis, 1999). Ingenhoff and Sommer (2010) defined integrity as the perception of the trustee as having a strong sense of justice and acting according to it. A company with integrity is expected to behave in a reliable, sincere, and consistent way while accomplishing its promises. Benevolence explains the trustees’ efforts of doing something good for the trustors and are more likely to care about them (Ingenhoff and Sommer, 2010; Lu, Zhao, and Wang, 2010). In other words, benevolence describes the situation that a supplier puts more value on consumers’ interest to the fore of its own self-interest and designates honest attention to the well-being of the consumers. In online marketplaces, it is the belief that the online firm tries to do good for the customer without striving only for legitimate profits.

Competence (ability) is the perception about the skills that allow the trusted party to be perceived competent in a specific area (Lu, Zhao, and Wang, 2010). It is the belief about the online firm’s skills by providing good quality products and services (Wang and Emurian, 2005). It relates to the making and the fulfillment of a promise (Chen and Dhillon 2003). Within the electronic commerce transactions, integrity is the belief that the online firm sticks to predetermined rules or set promises. Predictability focuses on the belief in the other parties’ consistent behaviour and takes into account the vendor’s perceived reputation for providing a consistent service (Tan and Sutherland, 2004). Predictability can be defined as the trustee’s beliefs that the trustee will provide and complete the promised business, as well as interaction policies and guidelines. A customer’s willingness to depend on another party, which is mainly influenced by predictable characteristics, influences the trust formation (McKnight, Cummings, Chervany, 1998). Predictability reduces uncertainty and risk (Wu, Chen and Chung, 2010). McKnight and Chervany (2002) noted that “predictability and integrity are similar, yet they differ as integrity is a value-laden attribute whereas predictability is not”. Dimitriadis, Kouremenos and Kyrezis (2011) defined predictability as “one’s belief that the other party’s actions are consistent over time and can be forecast in a given situation”.

3. Research Model and Hypotheses

We need to have more detailed and specific comprehension about development of trust, its antecedents and its effects on consumer intentions in the online frameworks in order to devise effective Internet business and marketing strategies. The purpose of this study is to assess the effects of trust beliefs on purchase intentions of trip planners within the context of online social review network. Gefen (2002) was concluded that “vendor's integrity and benevolence affect overall trust and purchase intentions”. According to Gefen and Heart (2006), integrity is effective with purchase intentions whereas ability is effective when just inquiring about a product. Salam, Iyer, Palvia and Singh (2005) adopted the theory of reasoned action (TRA) to note that “beliefs about predictability determine consumers’ attitudes about online vendors’ trustworthiness”. This study endeavors to discover these effects in the context of online social review networks. With the results of this study, managers are able to devise strategies by which for directly influencing consumers’ intentions. In this framework, effects of trust beliefs on the overall trust examined. Overall trust refers to general trust (Swan, Trawick, 1988), which is not related to a specific behaviour of the other party, or any component of trust (Driscoll, 1978; Scott, 1980). In the light of the above discussion, it is expected to have a higher overall trust level with a higher benevolence, integrity, and competence levels. Therefore, H1 can be formulated as follows:

H1a. Perceived integrity of an online social review network significantly influences overall trust of the consumer.

H1b. Perceived ability (competence) of an online social review network significantly influences overall trust of the consumer.

H1c. Perceived benevolence of an online social review network significantly influences overall trust of the consumer.

H1d. Perceived predictability of an online social review network significantly influences overall trust of the consumer.

Trust has also been perceived as a significant factor in influencing consumers’ intentions and behaviour (Shankar, Urban, and Sultan 2002; Yoon
2002; Gefen Karahanna, and Straub, 2003b; Everard and Galletta 2005; Lu, Zhao, and Wang, 2010). Jarvenpaa, Tractinsky, and Vitale (2000) concluded that the trust can affect the willingness of a consumer to purchase an electronic store by shaping the consumer’s attitude and risk perception. It can also be expected that higher trust to an online store is more likely to bring more intention of purchase. Therefore, this study hypothesized that trust in a business’s website will positively affect trip planners’ purchase intention.

H2a. Trust in online social review network’s integrity will positively affect the purchase intention.
H2b. Trust in online social review network ability (competence) will positively affect the purchase intention.
H2c. Trust in online social review network’s benevolence will positively affect the purchase intention.
H2d. Trust in online social review network’s predictability will positively affect the purchase intention.

4. Research Methodology

The online trust constructs and purchase intention items were adapted from Gefen and Straub (2004), including benevolence, integrity, ability, and predictability dimensions. The items reflecting ability contend with “the knowledge, competence, and provision of good service” (Gefen and Straub, 2004). The items reflecting integrity deal with the e-Vendor’s honesty and reliability. The items reflecting benevolence represent the “company’s willingness to assist and support, and its consideration toward the customer”. The item reflecting predictability is about “knowing what to expect from the supplier of the product”. The purchase intentions scale is related to “consumer intentions of purchasing tourism products online and providing credit card information in the process” (Gefen and Straub, 2004). All questions were constructed using a five-point Likert scale. These Likert scale questions were anchored with 1 - strongly disagree to 5 - strongly agree.

The preliminary instrument was pilot tested and reviewed by faculty and graduate students for clarity and completeness. Modifications to refine the instrument were made based on these preliminary tests. The survey instrument was reviewed with two instructors and two experts in the field of tourism with the purpose of avoiding uncertain phrasing. Before conducting the final survey, the instrument modified to obtain better wording and terminology.

Questionnaires (which are in English) were distributed to students at three universities of North Cyprus (Cyprus International University, Eastern Mediterranean University and Near East University) between April-June in 2012. The survey was conducted in computer laboratories within which each computer has access to the Internet. Participants were asked to look for hotels in Paris through the web site tripadvisor.com that is considered as the major universal online tourism and hospitality social network. It has become famous for providing impartial advices to consumers about tourism and hospitality products (Law, 2006; Au, Law and Buhalis, 2010; Kim, Zheng, Gupta, 2011). With more than 40 million exceptional monthly visitors, 20 million members, and over 45 million reviews and opinions, it represents the leading travel community in the world (Tripadvisor, 2011).
According to the WhocusWright’s survey results (2011) 83% of respondents said they usually or always consult TripAdvisor reviews before booking a hotel and 88% of users would recommend TripAdvisor hotel reviews to others. With the intention of providing the participants a comfortable environment and random surfing opportunities, navigation guidelines were not provided. By this way, the participants could browse the site comprehensively, be accustomed to the site, and consequently insuring the validity of results. Once participants found their products, they could start to fill the questionnaire.

5. Data Analyses

The survey resulted in 320 records. Of these, 9 records were taken out for the reason of unanswered questions. At the end, 311 questionnaires were used for the data analyses that were conducted by using SPSS 15.0.

5.1. Analysis of Reliability

According to the reliability analyses, Cronbach’s alphas of the dimensions were between 0.8010 and 0.8957. All alpha scores, which were higher than 0.7, assured reliability of the results (Nunnally, 1978).

Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Constructs and Variables</th>
<th>Mean</th>
<th>s.d.</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTEGRITY</td>
<td></td>
<td></td>
<td>0.8957</td>
</tr>
<tr>
<td>IN1</td>
<td>4.48</td>
<td>1.26</td>
<td></td>
</tr>
<tr>
<td>IN2</td>
<td>5.26</td>
<td>1.15</td>
<td></td>
</tr>
<tr>
<td>IN3</td>
<td>5.21</td>
<td>1.04</td>
<td></td>
</tr>
<tr>
<td>IN4</td>
<td>4.31</td>
<td>1.24</td>
<td></td>
</tr>
<tr>
<td>BENEVOLENCE</td>
<td></td>
<td></td>
<td>0.8254</td>
</tr>
<tr>
<td>BEN1</td>
<td>4.83</td>
<td>1.28</td>
<td></td>
</tr>
<tr>
<td>BEN2</td>
<td>5.27</td>
<td>0.95</td>
<td></td>
</tr>
<tr>
<td>BEN3</td>
<td>5.22</td>
<td>1.07</td>
<td></td>
</tr>
<tr>
<td>BEN4</td>
<td>4.87</td>
<td>1.36</td>
<td></td>
</tr>
<tr>
<td>ABILITY</td>
<td></td>
<td></td>
<td>0.8010</td>
</tr>
<tr>
<td>AB1</td>
<td>5.17</td>
<td>1.12</td>
<td></td>
</tr>
<tr>
<td>AB2</td>
<td>5.25</td>
<td>1.10</td>
<td></td>
</tr>
<tr>
<td>AB3</td>
<td>4.81</td>
<td>1.26</td>
<td></td>
</tr>
<tr>
<td>AB4</td>
<td>5.08</td>
<td>1.17</td>
<td></td>
</tr>
<tr>
<td>PREDICTABILITY</td>
<td></td>
<td></td>
<td>0.8517</td>
</tr>
<tr>
<td>PRED1</td>
<td>5.36</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>PRED2</td>
<td>4.98</td>
<td>1.28</td>
<td></td>
</tr>
<tr>
<td>INTENTION TO PURCHASE</td>
<td></td>
<td></td>
<td>0.8791</td>
</tr>
<tr>
<td>PURCHASE</td>
<td>5.54</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>INPUR1</td>
<td>5.37</td>
<td>1.13</td>
<td></td>
</tr>
<tr>
<td>INPUR2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 illustrates the demographic (n=311) percentages of the respondents. The survey includes mainly young (19-24 years) participants that the majority (77%) of them has experienced electronic commerce purchase. Most of the respondents use the Internet more than five hours in a week. Only 13% of them stated their Internet usage less than five hours in a week.

Table 2. Demographics of the Sample (n = 311)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>21.22 (S.D. 2.20 years)</td>
</tr>
<tr>
<td>Gender</td>
<td>Male 58% Female 42%</td>
</tr>
<tr>
<td>Monthly income level</td>
<td>Less than 500€ 33%</td>
</tr>
<tr>
<td>E-commerce</td>
<td>Yes 77% No 23%</td>
</tr>
<tr>
<td>Purchase</td>
<td>Hours In A Less than 5 hours 13%</td>
</tr>
<tr>
<td>Experience</td>
<td>Hours In Week Less than 5 hours 13%</td>
</tr>
</tbody>
</table>

5.2. Determinants of Trust Beliefs in Overall Trust

In order to reveal effects of integrity, competence, benevolence, predictability and demographic factors (age, gender, education level, income level) on overall trust level, multiple regression analysis was performed. Table 3 describes the resultant regression model. The results are very satisfactory with quite well good fit (F = 58.364, P < 0.05) and high adjusted R² value of 0.732. The dimensions of integrity, benevolence, competence, and predictability are significant at the P < 0.05 level, and predictability dimension is significant at the P < 0.10 level. The demographic variables are not significant. With these results the four H1 hypotheses group has been accepted.
5.3. Stepwise Regression Analyses

In order to examine the predictors of overall trust, stepwise regression analyses conducted with the dimensions of trust. It can be possible to study the contribution of each independent variable to the regression model and consequently to obtain the finest subset of independent variables that affect the dependent variable by using stepwise regression analyses (Hair et al., 1998). According to the results of the analysis, the model with all four components explained the most variance. The model below summarizes the coefficients of significant independent variables affecting the overall trust.

\[
\text{Overall Trust} = 0.36 \text{Integrity} + 0.32 \text{Benevolence} + 0.23 \text{Competency} + 0.09 \text{Predictability}
\]

The standardized regression coefficients suggested that integrity (Beta = .36) and benevolence (Beta = .32) strongly; competency (Beta = .23) and predictability (Beta = .09) contributed moderately to overall trust. In order to determine the level of support of the estimated coefficients for each hypothesis is based on the following criteria: 0.00 - 0.05 indicates weak support; 0.0501 - 0.30 indicates moderate support; 0.301 - 1.00 indicates strong support (Baloglu and McCleary, 1999). Regression analyses indicate that the respondents found integrity, benevolence, and competency essential to overall trust than predictability.

Furthermore, in order to examine whether overall trust affects potential tourists’ purchase intentions regression analyses were carried out. The results of this analysis indicate a significant effect of trust on purchase intention of trip planners, \( F(5,163) = 67.24, p < .001, R = .76 \). This finding confirmed that people who trust to the website were likely to have more purchase intention. With the purpose of determining the effect of trust dimensions on purchase intention of consumers to buy the product, additionally a series of stepwise regression analyses were also conducted. The standardized regression coefficients suggested that integrity (Beta = .37) and benevolence (Beta = .31) contributed strongly and competency (Beta = .28) contributed moderately to overall trust, while the predictability (Beta = .04) was not a significant contributor in the model. With these detailed results, hypotheses H2a, b, and c were accepted but hypothesis H2d was rejected.

6. Conclusions

This research study examined the effects of benevolence, integrity, competence, and predictability dimensions on the overall trust in an online social review network context. The literature review guided the author to confirm that competence, predictability, integrity, and benevolence are the common dimensions in trust literature. It has been hypothesized that a higher user perception of online social review network competence, predictability, integrity, and benevolence constructs higher overall trust in the online social review network by that consumer. Results obtained from the analyses enlightened statistically significant relationships between integrity, predictability, benevolence, and competence.

This research study provides especially valuable implications for industry and academic working areas. It presents insights on electronic trust within an online social network of tourism products by analyzing dimensions of e-trust and effects on purchase intentions. Furthermore businesses particularly which exist online can allocate their resources more effectively and efficiently by concentrating on competence, integrity, benevolence, and predictability dimensions. Within the realm of online social review network, the enterprise’s competence can be realized by accomplishing the customer demand with promptness and correctness (Papadopoulou, Kanelis and Martakos, 2003). Delivering correct security and privacy information at the right time and also constructing direct channels for continuous communications will more likely to boost benevolence. When consumers perceive that a company allocate
more priority to their interests, they turn towards this company and as a result of this the company will have an opportunity to gain a better competitive position within a market. Consumers will choose to maintain their relations with a company that demonstrates consistency in its truthful, straightforward and sincere behaviours. In the era of electronic commerce, managers should always be very sensitive to construct a strong trust in all constituents their businesses for the purpose of sustaining the relationships with their customer.

6.1. Limitations and Future Research

Although this study presents especially useful comprehension about construction of trust in online travel social network environments, it has also numerous limitations. Primarily, the sample of the study consists of only students. They represent the young heavy Internet users. Consequently, the results cannot be stand for other segments of the market. Furthermore, the small sample size may indicate a potential bias in participant selection and limits the ability to generalize the results of the study. Another limitation is about the selected online social review network website; tripadvisor.com. Even though it can be regarded as the leader in the sector, multiple networks could be selected. These serious limitations reveal the necessity of conducting similar studies with the diverse samples and on several other online social review network websites in future researches. Future studies should be conducted with more diverse respondents with various ages, incomes, occupations, educational backgrounds. Furthermore, future studies should be replicated by considering other social review networks.

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