

Tale of two e-retailers: study finds U.S. online consumers bigger risk-takers, more trusting than Korean shoppers

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U.S. online shoppers more likely to be risk-takers compared to their Korean counterparts, says Professor Frances Gunn, Ted Rogers School of Retail Management. She is the Canadian co-author of an international study that examined cultural differences between e-retailing in the U.S. and Korea.

Do you worry about your credit card number getting stolen after you've bought books, gifts or anything else online? When it comes to e-retailing, recent research from Ryerson University reveals online consumers in the United States are more trusting of companies' websites -- and are more willing to part with their hard-earned cash than consumers in Korea.

“Trust is a huge factor when a consumer is considering purchasing a product or service online, and therefore is of significant interest to retailers,” says Professor Frances Gunn, Ted Rogers School of Retail Management at Ryerson University and the Canadian co-author of the international study. “As retailing becomes increasingly more global, it’s important for companies to understand there may be [cultural differences](#) that come into play when customers purchase products or services online.”

Gunn and her co-authors JungKun Park, University of Houston, Texas, and Sang-Lin Han, Hanyang University, Korea, were interested in examining the concept of trust in e-retailing and whether there were any

cultural differences between consumers from two countries: the United States and Korea. In the study, trust was characterized by three key attributes: competence (the e-retailer's ability to supply the goods/services), benevolence (e-retailer's willingness to help a customer with any problems about his/her purchase) and integrity (e-retailer's commitment to carry out the transaction).

The researchers surveyed 357 consumers residing in the U.S. and 290 adults living in [Korea](#) who have purchased at least one product online and are 18 years and older. They were asked how much they trust e-retailers' competence, benevolence and integrity. The participants were also asked how often they shopped online, how much time they spend surfing the Internet, their perceived risks in making a purchase online, and their perception of the company's reputation and website quality.

U.S. online customers trusted e-retailers and were more willing to buy products from company websites than their Korean counterparts, especially if they perceived the e-retailer's integrity to be stellar. Korean consumers tended to perceive more risk in shopping online and were less trusting of e-retailers overall. In addition, nearly 40 per cent of consumers surveyed in the United States shopped online about once a month, compared to just over 30 per cent of Korean shoppers. Conversely, almost 20 percent of Koreans said they rarely buy items online compared to 8 percent of Americans polled in the study.

Gunn says these differences between the U.S. and Korean consumers may be attributed to cultural differences that influence their online shopping habits.

“Americans are more individualistic and more likely to take risks in general; therefore, it makes sense that they are more comfortable in purchasing products online because they trust e-retailers. However, Korean consumers tend to hold more collectivistic cultural views so they

would need to see testimonials from other purchasers on a website to convince them an e-retailer can be trusted to carry out their transaction and ship their purchase promptly.”

To attract global consumers with different cultural purchasing habits, retailers need to establish trust the minute a potential customer clicks on their website, says Gunn. “In all cultures, you want to make sure your website has secure mechanisms related to shipping and payment, and also have social media platforms to generate positive mentions from customers and a way for them to provide feedback. If those are in place, e-retailers are more likely to build trust with [consumers](#) across the cultural spectrum.”

The study, *Multidimensional Trust Building in E-retailing: Cross-Cultural Differences in Trust Formation and Implications for Perceived Risk*, was published online in April in the *Journal of Retailing and Consumer Services*.

Provided by Ryerson University

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