Creating Trust and Reducing Consumers' Risk Perception in Internet Shopping

Vane-Ing Tian
Open University of Hong Kong

Yu-sum Eugenia Wong
Open University of Hong Kong

Wai-Man Pang
Caritas Institute of Higher Education

The aim of this study is to suggest methods to create trust and reduce consumers' risk perception in internet shopping. This study proposed a 2 x 2 experimental design to test the effectiveness of online consumer-generated rating and payment method in creating trust and reducing consumers' risk perception in internet shopping. Findings of this paper provide empirical validation that a retailer with a favorable online consumer-generated rating is more effective than one without an online consumer-generated rating in building trust and having positive effects on the buying intention. Limitations, implications and directions for future research are also discussed.

INTRODUCTION

Technology determines how we satisfy our needs. Because of technological revolution, working performance can be improved. Technology also changes the consumer behavior and marketing environment. Many companies do not stay as market leaders because they fail to keep up with technological changes. Internet is one of the technological changes that can create many opportunities for marketers. The internet marketing is getting more and more important to our economy. But there are only a few published studies in experimental research (e.g. Chang, et al., 2013, Huang, et al., 2004) in creating trust and reducing consumers' risk perception in internet shopping. Creating trust and reducing consumers' risk perception are essential for the survival of the internet stores.

The aim of this study is in how to create trust and reduce consumers' risk perception in internet shopping for online retailers. We suggest that online consumer-generated rating and adoption of more secure online payment method would help to create trust and reduce consumers' risk aversion in internet shopping, and promote online shopping among the target consumers.

The paper is divided into the following six sections. The Introduction briefly discussed the existing literature on Internet shopping, and the hypotheses are described. In the second section, the research methodology employed is outlined. In the third section, the data analysis and results are given. In the last sections, the conclusion and discussion are explained, and the limitations of this study are presented.

LITERATURE REVIEW

The Internet was started in 1986 as an experimental network connecting different university computer centers throughout the U.S. (Tan, 1999). It is now almost a daily necessity that people access internet through not only from PCs, but also from a variety of mobile devices (e.g. tablet, smartphone) With social media like Facebook, twitter and Instagram being so popular, it is almost impossible for younger generation not to be part of the internet community.

Electronic commerce or online shopping also become more and more popular. Internet stores have the advantages of being 24-hour available, can reach global consumers, low setup cost for stores and low access cost for consumer (Berthon, et al., 1996). These advantages allow small and large firms to compete on almost equal opportunity.

The findings of (Sin & Tse's, 2002) study found that the internet buyers in Hong Kong tend to be male, young (21-30 years old), well-educated and with a higher income level. These young people tend to be time conscious, have high internet usage rates and have positive attitude toward online shopping.

Although there is a lot of advantages, internet stores sill face the challenges of gaining consumers' trust.

Internet stores allow consumers to shop anywhere anytime and small business to set up at low and affordable cost. As a result, consumers also worry about the risks associated with this convenience, from the possibility that the products would not meet their expectations (as consumers cannot touch or examine the products before buying) to the possibility of credit card fraud. These risks are greatest for complex and high price products. (Bhatnagar, et al., 2000)

(Wee & Ramachandra, 2000) study suggested that the reasons for Asians not buying online were similar, which include lack of security and physical contact, uncertainty about product quality, and unable to trust retailer.

In the promising world of Internet shopping where the retailing setting can be with nearly no rental and labour cost, no geographical marketplace constrain and sales orders 24 hours a day, the main barrier that stands between the marketers and risk-averse consumers is the trust issue.

(Fukuyama, 1995) suggested that the lack of trust is an important problem for e-commerce. (Bhatnagar, et al., 2000) also suggested that instead of focusing on shopping convenience, marketers should be more concern about reducing risk perception of consumers.

There are two types of risk that are predominant in online shopping: 1) Product category risk, and 2) Financial risk. Product category risk is associated with the worry that the received product may not be up to expectation. Financial risk is associated with losing money due to credit card fraud (Bhatnagar, et al., 2000).

HYPOTHESIS

The research interest is in how to create trust and reduce consumers' risk aversion in internet shopping for online retailers. Online consumer-generated rating is a type of electronic word of mouth (eWOM) that is posted on websites (Mudambi & Schuff, 2010). Previous researches show that consumer-generated ratings provide important information about quality and shopping experiences (Simonson & Rosen, 2014; de Langhe, et al., 2016).

The retailer's reputation, either established by how long the retailer had been in the business or by favorable online consumer-generated rating, would increase the buyer's trust on that the goods will be delivered as agreed and fine as expected (Elwalda, et al., 2016). The use of more secure online payment method would ease customers' fear in credit card fraud and reduce the financial risk. Previous researches show that safe payment method could reduce consumers' doubts and increase online shopping adaptation (Liu, et al., 2008) and (Clemes, et al., 2014).

If the buyer trust the retailer and feel secure about the transaction, his/her buying intention should increase. The following hypotheses with respect to Internet shopping are formulated:

H1: A retailer with an established reputation is more effective than one without an established reputation in building trust in the retailer
H2: A retailer using more secure online payment method is more effective than one using traditional online payment method in building trust in the retailer.
H3: A retailer with an established reputation is more effective than one without an established reputation in reducing the risk perception of the customers.
H4: A retailer using more secure online payment method is more effective than one using traditional online payment method in reducing the risk perception of the customers.
H5: A retailer with an established reputation is more effective than one without an established reputation in having positive effects on the buying intention.
H6: A retailer using more secure online payment method is more effective than one using traditional online payment method in having positive effects on the buying intention.

METHODOLOGY

To test the research hypotheses, I ran an experimental study in which the respondents will be asked to role-play a consumer who is surfing on the Internet and find an online retailer with product that he or she wanted to buy at a lower price than he or she expected. The scenarios were described in written scenarios. The levels for each of the two types of risk relievers are shown in Table 1.

TABLE 1
RISK RELIEVERS AND LEVELS

Risk reliever	Levels
1. Retailer's reputation	1. New and unknown 2. Established and well-know, with favorable consumer-generated rating
2. Payment method	1. Credit card payment 2. PayPal payment

The experience adopted a 2 (retailer's reputation: new and unknown, established and well-known) X 2 (payment method: credit card payment, PayPal payment) between-subjects design. Paypal is a safer and easier way to pay online for buyers as it transfers money to the recipients without revealing sensitive information (e.g., credit card information) to them. The respondents were 124 undergraduate and postgraduate students (26-34 respondents per cell). Adjustment was made for one covariate: prior internet shopping experience.

University students (undergraduate and postgraduate) are suitable for this experiment as the findings of (Sin & Tse, 2002) study had showed that the internet buyers in Hong Kong tend to be well educated and mainly in the age bracket between 21 and 30.

Procedure and Measures: The respondents were randomly assigned into one of the four scenarios. After reading the assigned scenario, the respondents completed a questionnaire that was designed to measure the dependent constructs.

Three sets of statements were used to measure the trust towards retailer, perceived security and buying intention. The ratings were made on seven-point scales, ranging from strongly disagree (1) to strongly agree (7). The statements were shown in Table 2.

TABLE 2
SUMMARY OF RELIABILITY ANALYSIS ON DEPENDENT AND COVARIATE CONSTRUCTS

Measures
1. Trust i. I believe that I can trust the seller. ii. I have great faith that the transaction will be carried out as expected if I buy things through this shop. Cronbach's alpha = 0.770
2. Security i. There is high risk of unauthorized use of my credit card information during the transaction.# ii. I feel secure about shopping in this online store. Cronbach's alpha = 0.703
3. Buying Intention i. I am likely to buy the collectible item in this online store. ii. I would like to purchase the collectible item from this seller. Cronbach's alpha = 0.934
4. Prior Experience i. Do you have any internet shopping experience? ii. How often have you come across situations like the one described in the above scenario? iii. How familiar are you with situations like the one described in the above scenario? Cronbach's alpha = 0.824

#The rating is reversed for this statement

The cronbach alpha of these four constructs range from 0.702 to 0.934. So the reliability criterion of cronbach alpha not less than 0.7 is met.

RESULTS

There is no missing data in the 124 observation. 40% of respondents are male and 60% are female. Respondents' age range from 18 to 47 (mean=21.8, SD=5.9). 81.5% of them are undergraduate students and 18.5% of them are post-graduate students. The descriptive statistics about the prior internet shopping experience of respondents are shown in Table 3.

TABLE 3
DESCRIPTIVE STATISTICS

	1	2	3	4	5	6	7
1-Do you have any internet shopping experience?	42.7%	13.7%	7.3%	7.3%	17.7%	8.1%	3.2%
2- How often have you come across situations like the one described in the above scenario?	40.3%	18.5%	12.9%	10.5%	12.1%	4.0%	1.6%
3- How familiar are you with situations like the one described in the above scenario?	24.2%	16.1%	19.4%	12.1%	21.0%	6.5%	0.8%

Results of Box's test showed that the assumption of the equality of variance-covariance matrix was not rejected (F (18, 47277) = 1.310, ns). So the analysis could then proceed to perform MANOVA. The descriptive statistics are shown in Table 4.

TABLE 4
DESCRIPTIVE STATISTICS

	REP	PAY	Mean	Std. Deviation	N
Trust	New and Unknown	Credit	3.317	1.156	30
		PayPal	3.667	.951	27
		Total	3.483	1.069	57
	Established	Credit	4.203	1.288	32
		PayPal	4.814	1.065	35
		Total	4.522	1.207	67
	Total	Credit	3.774	1.295	62
		PayPal	4.315	1.160	62
		Total	4.044	1.254	124
Secure	New and Unknown	Credit	3.383	1.165	30
		PayPal	3.574	1.199	27
		Total	3.474	1.174	57
	Established	Credit	3.406	1.428	32
		PayPal	3.857	1.488	35
		Total	3.642	1.466	67
	Total	Credit	3.395	1.297	62
		PayPal	3.734	1.366	62
		Total	3.565	1.337	124
Buying Intention	New and Unknown	Credit	3.150	1.451	30
		PayPal	3.574	1.238	27
		Total	3.351	1.359	57
	Established	Credit	4.000	1.561	32
		PayPal	4.671	1.562	35
		Total	4.351	1.586	67
	Total	Credit	3.588	1.556	62
		PayPal	4.194	1.521	62
		Total	3.891	1.562	124

The multivariate F test revealed that the combined DVs were significantly related to the prior internet shopping experience (F (3, 117) = 4.534, $p<0.01$) and the retailer's reputation (F (3, 117) = 12.125, $p<0.001$), but not to the payment method (F (3, 117) = 1.627, $p>0.05$) and the interaction (F (3, 117) = 0.132, $p>0.05$). See Table 5.

TABLE 5
MULTIVARIATE TEST RESULTS

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.712	96.592(b)	3.000	117.000	.000
	Wilks' Lambda	.288	96.592(b)	3.000	117.000	.000
	Hotelling's Trace	2.477	96.592(b)	3.000	117.000	.000
	Roy's Largest Root	2.477	96.592(b)	3.000	117.000	.000
PRIOR	Pillai's Trace	.104	4.534(b)	3.000	117.000	.005
	Wilks' Lambda	.896	4.534(b)	3.000	117.000	.005
	Hotelling's Trace	.116	4.534(b)	3.000	117.000	.005
	Roy's Largest Root	.116	4.534(b)	3.000	117.000	.005
REP	Pillai's Trace	.237	12.125(b)	3.000	117.000	.000
	Wilks' Lambda	.763	12.125(b)	3.000	117.000	.000
	Hotelling's Trace	.311	12.125(b)	3.000	117.000	.000
	Roy's Largest Root	.311	12.125(b)	3.000	117.000	.000
PAY	Pillai's Trace	.040	1.627(b)	3.000	117.000	.187
	Wilks' Lambda	.960	1.627(b)	3.000	117.000	.187
	Hotelling's Trace	.042	1.627(b)	3.000	117.000	.187
	Roy's Largest Root	.042	1.627(b)	3.000	117.000	.187
REP * PAY	Pillai's Trace	.003	.132(b)	3.000	117.000	.941
	Wilks' Lambda	.997	.132(b)	3.000	117.000	.941
	Hotelling's Trace	.003	.132(b)	3.000	117.000	.941
	Roy's Largest Root	.003	.132(b)	3.000	117.000	.941

a Computed using alpha = .05
b Exact statistic
c Design: Intercept+PRIOR+REP+PAY+REP * PAY

To investigate the impact of covariate and each main effect on the individual DVs, tests of between-subjects effects was performed. The test revealed that prior internet shopping experience were significantly related to trust towards retailer ($F(1, 119) = 7.644$, $p<0.01$), perceived security ($F(1, 119) = 13.556$, $p<0.001$) and buying intention ($F(1, 119) = 7.897$, $p<0.01$). Retailer's reputation were significantly related to trust towards retailer ($F(1, 119) = 22.597$, $p<0.001$) and buying intention ($F(1, 119) = 11.502$, $p=0.001$), but not significantly related to perceived security ($F(1, 119) =0.039$, ns). Payment method were significantly related to trust towards retailer ($F(1, 119) = 4.605$, $p<0.05$), but not significantly related to perceived security ($F(1, 119) = 1.054$, ns) and buying intention ($F(1, 119) = 1.054$, ns). The interaction effects were not significant. See Table 6.

TABLE 6
TESTS OF BETWEEN-SUBJECTS EFFECTS

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Trust	50.479(b)	4	12.620	10.500	.000
	Security	26.793(c)	4	6.698	4.126	.004
	Buying intention	57.026(d)	4	14.256	6.974	.000
Intercept	Trust	336.193	1	336.193	279.717	.000
	Security	211.322	1	211.322	130.168	.000
	Buying intention	277.953	1	277.953	135.974	.000
PRIOR	Trust	9.187	1	9.187	7.644	.007
	Security	22.007	1	22.007	13.556	.000
	Buying intention	16.144	1	16.144	7.897	.006
REP	Trust	27.159	1	27.159	22.597	.000
	Security	.063	1	.063	.039	.844
	Buying intention	23.512	1	23.512	11.502	.001
PAY	Trust	5.535	1	5.535	4.605	.034
	Security	1.711	1	1.711	1.054	.307
	Buying intention	6.896	1	6.896	3.373	.069
REP * PAY	Trust	.427	1	.427	.355	.552
	Security	.375	1	.375	.231	.632
	Buying intention	.351	1	.351	.172	.680

Error	Trust	143.027	119	1.202
	Security	193.191	119	1.623
	Buying intention	243.255	119	2.044
Total	Trust	2221.750	124	
	Security	1795.500	124	
	Buying intention	2177.750	124	
Corrected Total	Trust	193.506	123	
	Security	219.984	123	
	Buying intention	300.280	123	

a Computed using alpha = .05
b R Squared = .261 (Adjusted R Squared = .236)
c R Squared = .122 (Adjusted R Squared = .092)
d R Squared = .190 (Adjusted R Squared = .163)

As buying intention is likely to be positively correlated with trust towards retailer and perceived security, Roy-Bargman Stepdown analysis is also used to resolve the possible problem of correlated univariate F tests with correlated DVs. Highest priority was assigned to trust towards retailer, second priority was assigned to perceived security and the lowest priority was assigned to buying intention. The ordering was based on the fact that the main interest of this study is the effect of retailer's reputation and payment method on trust towards retailer and perceived security. Effect on buying intention is likely to be due to the level of trust towards retailer and perceived security. So buying intention is assigned the lowest priority.

The results of Roy-Bargman Stepdown analysis were in the same trend as the tests of between-subjects effects. The interaction effects were not significant. Payment method were significantly related to trust towards retailer ($F(1, 119) = 4.843$, $p<0.05$), but not significantly related to perceived security ($F(1, 118) = 0.188$, ns) and buying intention ($F(1, 117) = 0.137$, ns). Retailer's reputation were significantly related to trust towards retailer ($F(1, 119) = 23.603$, $p<0.001$).

But there were also conflicting results. Retailer's reputation were significantly related to perceived security ($F(1, 118) = 11.535$, $p=0.001$) in Roy-Bargman Stepdown analysis, but the result was not significant in univariate test. The retailer's reputation were not significantly related to buying intention ($F(1, 117) = 0.507$, ns), but the result was significant in univariate test. See Table 7.

TABLE 7
ROY-BARGMAN STEPDOWN F TESTS

Effect --- Within + Residual Regression						
Variable	Hypothesis MS	Error MS	Step Down F	Hypothesis df	Error df	Sig.
Trust	9.187	1.202	7.644	1	119	0.070
Security	5.569	0.966	5.769	1	118	0.018
Buying intention	0.000	0.610	0.000	1	117	0.989
Effect --- REP						
Variable	Hypothesis MS	Error MS	Step Down F	Hypothesis df	Error df	Sig.
Trust	28.369	1.202	23.603	1	119	0.000
Security	11.135	0.965	11.535	1	118	0.001
Buying intention	0.310	0.610	0.507	1	117	0.478
Effect --- PAY						
Variable	Hypothesis MS	Error MS	Step Down F	Hypothesis df	Error df	Sig.
Trust	5.821	1.202	4.843	1	119	0.030
Security	0.182	0.965	0.188	1	118	0.665
Buying intention	0.083	0.610	0.137	1	117	0.712
Effect --- REP by PAY						
Variable	Hypothesis MS	Error MS	Step Down F	Hypothesis df	Error df	Sig.
Trust	0.427	1.202	0.355	1	119	0.552
Security	0.016	0.965	0.016	1	118	0.899
Buying intention	0.019	0.610	0.031	1	117	0.860

Those interesting results can be explained. In stepdown analysis, the significant effect of retailer's reputation is represented in trust towards retailer, with nothing added by buying intention. But the perceived security still represented significant effect of retailer's reputation after the effect on trust towards retailer was taken out.

In other words, H1 and H2 were supported but H4 and H6 were not. The univariate analysis supported H5, but Roy-Bargman Stepdown analysis did not. The Roy-Bargman Stepdown analysis supported H3, but univariate analysis did not.

Additional analyses are as following:

Independent t-test: There is a significant difference in trust for retailer's reputation (new and unknown: Mean= 3.483 and SD=1.069; established and well-known: Mean=4.522 and SD=1.207; t(122) = -5.036, p<0.001) and payment method (credit card payment: Mean= 3.774 and SD=1.295; PayPal payment: Mean= 4.315 and SD=1.160; t(122) = -2.447, p< 0.05). Therefore, supporting H1 and H2.

There is a significant difference in trust for retailer's reputation (new and unknown: Mean= 3.351 and SD=1.359; established and well-known: Mean=4.350 and SD=1.586; t(122) = -3.733, p<0.001) and payment method (credit card payment: Mean= 3.589 and SD=1.556; PayPal payment: Mean= 4.195 and SD=1.521; t(122) = -2.188, p< 0.05). Therefore, supporting H5 and H6.

But there is no significant difference in secure for retailer's reputation (new and unknown: Mean= 3.473 and SD=1.174; established and well-known: Mean=3.642 and SD=1.466; t(122) = -0.696, p=0.488) and payment method (credit card payment: Mean= 3.395 and SD=1.297; PayPal payment: Mean= 3.734 and SD=1.366; t(122) = -1.416, p=0.159). Therefore, not supporting H3 and H4.

Regression: Regression analysis shows that perceived retailer's reputation and perceived online security have significant positive relationship with buying intention with R square = 0.761 and regression equation: Buying Intention = -0.633 + 0.827 (Trust) + 0.331 (Secure). See Table 8.

TABLE 8
REGRESSION RESULT

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.633	.241		-2.629	.010
	Trust	.827	.072	.664	11.502	.000
	Secure	.331	.067	.283	4.900	.000

a. Dependent Variable: Buying Intention

CONCLUSION

It was found that the retailer's reputation, either established by how long the retailer had been in the business or by favorable online consumer-generated rating had a significant and positive effect on buyer's trust on retailer.

The use of more secure online payment method also had a significant and positive effect on buyer's trust on retailer. The positive effect on buyer's trust on retailer then increases the buying intention of the customer. But the effect of retailer's reputation on perceived security was not proved. Perceived security of the buyer was strongly affected by the prior experience on internet shopping. The prior experience on internet shopping also had a significant and positive effect on buyer's trust on retailer and increase the buyer's buying intention. The positive effect of retailer's reputation on perceived security was supported by Roy-Bargman Stepdown analysis, but not by univariate analysis. But as the DVs were likely to be correlated, more credit is given to Roy-Bargman Stepdown analysis. So the positive effect of retailer's reputation on perceived security was supported.

DISCUSSION

Academically, this study provides empirical support that retailer's reputation and adoption of more secure online payment method would help to promote online shopping among the target consumers.

The findings of this study also provide insight on the possible methods of building trust and reducing risk perception in internet shopping. Although there have been a lot of studies on internet shoppers, most previous studies focused on the demographic and psychographic characteristic of the internet shoppers with the use of questionnaire. Also, the previous studies focused on the general internet shopping perception, rather than on how individual internet retailers can create trust and reduce risk perception among their target consumers.

At a practical level, this study empirically validates the importance and effectiveness of the retailer's reputation, either established by how long the retailer had been in the business or by favorable online consumer-generated rating. It would explain why the evaluation and feedback channels provided by third party and open to the views of public are important, and the success of eBay.

Most internet retailers started as small and unknown retailers. The evaluation and feedback channels provided by third party give them a chance to establish their own reputation through online consumer-generated ratings of previous buyers. Prior experience on internet shopping would increase the likelihood that experience shoppers who had greater perceived security on internet shopping and trust towards internet retailers in general would become the earlier customers of those small and unknown retailers. The reputation through online consumer-generated ratings of previous buyers could then be build up if the retailers can satisfy their customers. New customers can then be encourage by the reputation of the retailers. The positive experience would then increase the new customers' perceived security on internet shopping and trust towards internet retailers in general. In conclusion, the evaluation and feedback channels provided by third party like that in eBay are beneficent for online marketing.

LIMITATION AND FUTURE DIRECTIONS

One limitation of our study is that the effect of the quality of customer service in term of handling customers' enquiries and complaints promptly was not study due to the limitation of resources. The prompt handling of customers' enquiries and complaints would help to minimize misunderstanding and add credibility to the online retailer, so would also help to promote online shopping among the target consumers.

Another limitation is that only PayPal payment was used as a proxy of more secure online payment method. Although it is the most appropriate choose as eBay was used in the written scenarios and PayPal is the most widely accepted payment method in eBay that could limits the risk of unauthorized use by safely encrypted credit card information through server, the impression of PayPal perceived by respondents may have effect on the results. Future research should attempt to include other payment method (e.g., Alipay) to see if there is any difference.

REFERENCES

Berthon, P., & Leyland P., & Watson, R.T. (1996). Marketing communication and the world wide web. *Business Horizons*, 39, 5, 24-32.

Bhatnagar, A., Sanjog, M., & Rao H.R. (2000). On risk, convenience, and internet shopping behavior. *Communications of the ACM*, 43, 11, 98-105.

Clemes, M.D., Gan, C. & Zhang, J. (2014). An empirical analysis of online shopping adoption in Beijing, China. *Journal of Retailing and Consumer Services*, 21, 3, 364-375.

Chang, M.K., Cheung, W., & Tang, M. (2013). Building trust online: Interations among trust building mechanisms. *Information & Management*, 50, 7, 439-445.

De Langhe, B., Fernbach, P.M. & Lichtenstein, D.R. (2016). Navigating by the stars: investigating the actual and perceived validity of online user ratings. *Journal of Consumer Research*, 42, 6, 817-833.

Elwalda, A., Lü, K. & Ali, M. (2016). Perceived derived attributes of online customer reviews. *Computers in Human Behavior*, 56, 306-319.

Fukuyama, F. (1995). Trust: The social virtues and the creation of prosperity. *Free Press Paperbacks*. Doi:10.301.c.1.

Huang, W. Y., Schrank, H., & Dubinsky, A. J. (2004). Effect of brand name on consumers' risk perceptions of online shopping. *Journal of Consumer Behaviour*, 4, 1, 40-50.

Jiuan, T.S., (1999). Strategies for reducing consumers' risk aversion in internet shopping. *Journal of Consumer Marketing*, 16, 2, 163-180.

Liu, X., He, M., Fang, G., & Xie, P. (2008). An empirical study of online shopping customer satisfaction in China: a holistic perspective. *International Journal of Retail & Distribution Management*, 36, 11, 919-940.

Mudambi, S.M., & Schuff, D. (2010). What makes a helpful review? a study of customer reviews on Amazon.com. *MIS quarterly*, 34, 1, 185-200.

Simonson, I., & Emanuel, R. (2014). *Absolute value: What really influences customers in the age of (nearly) perfect information*. New York: HarperCollins.

Sin, L., & Tse, A. (2002). Profiling internet shoppers in Hong Kong: demographic, psychographic, attitudinal and experiential factors. *Journal of International Consumer Marketing*, 15, 7-29.

Wee, K., Lynda, N. & Ramachandra, R. (2000) Cyberbuying in China, Hong Kong and Singapore: Tracking the who, where, why and what of online buying. *International Journal of Retail & Distribution Management*, 28, 7, 307.

APPENDIX

Scenario One ("retailer's reputation: established and well-know" X "payment method: PayPal payment"): Imagine that you find a collectible item that you wanted to buy in an online store. It is an established and well-known store on eBay with high feedback score and a lot of positive comments (evaluations of the seller by previous buyers). The price is cheaper than you expected. The seller accepts PayPal (which limits the risk of unauthorized use by safely encrypted credit card information through PayPal's server) as payment method.

Scenario Two ("retailer's reputation: new and unknown" X "payment method: PayPal payment"): Imagine that you find a collectible item that you wanted to buy in an online store. It is a new store on eBay with low feedback score and a few positive comments (evaluations of the seller by previous buyers). The price is cheaper than you expected. The seller accepts PayPal (which limits the risk of unauthorized use by safely encrypted credit card information through PayPal's server) as payment method.

Scenario Three ("retailer's reputation: established and well-know" X "payment method: credit card payment"): Imagine that you find a collectible item that you wanted to buy in an online store. It is an established and well-known store on eBay with high feedback score and a lot of positive comments (evaluations of the seller by previous buyers). The price is cheaper than you expected. The seller accepts credit card as payment method. You have to enter your credit card number and password online to pay for the item.

Scenario Four ("retailer's reputation: new and unknown" X "payment method: credit card payment"): Imagine that you find a collectible item that you wanted to buy in an online store. It is a new store on eBay with low feedback score and a few positive comments (evaluations of the seller by previous buyers). The price is cheaper than you expected. The seller accepts credit card as payment method. You have to enter your credit card number and password online to pay for the item.