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TRUST IN A B TO B E-MARKETPLACE A NEW BUYER'S PERSPECTIVE

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November 2009

Report



Abstract

The issue of trust, or confidence by a buyer in an e-marketplace to perform/meet expectations, that is represented by an online transaction, is an issue of legitimate concern. It is suggested that a minimal level of trust can be established by a multi-step process, similar to the one outlined below:

- Establish a short list of eligible e marketplaces to consider by reviewing the list of e-marketplaces identified in the eMS directory.
- A self analysis of the trust/ risk/return threshold by the buyer itself regarding online transaction activity.
- An evaluation of the presence or lack of transparent tools/activity associated with the e marketplace in question.
- Actual experience/exposure to transactions at a very marginal/minimal level

Keywords: Trust, Trustworthiness, Trust seal, Third Party Verification Certificates.

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Trust and Trustworthiness

Trust in the context of this discussion is a willingness to depend on or make use of an e marketplace, without any previous experience with that e marketplace. Trustworthiness with an e marketplace is a function of the integrity, competence, and reliability of the site and is usually accorded to the site by the buyer based on experience.

Consequently the terms “trust” and “trustworthiness” are somewhat sequential in development and occurrence. This leads to the questions as to how a willingness to trust an e marketplace can be created, and once online activity commences, how can trustworthiness be established?

Trust /Risk Assessment by the Buyer

There are many identified barriers/risks to this migration in acceptance and usage of e-marketplaces, some of which are noted below:

- A perception that the functionalities offered on line may require too much time or too much effort in order to achieve results.
- A concern that the information revealed in the course of an online transaction may be misused by the third party.
- A belief that the product purchased may not deliver to the expected benefits.
- The nature of the dispute resolution on line.
- Concerns about fulfillment of transactions (e.g. payment/warranty).

These are examples of the barriers to trust online and can in turn be affected/moderated by many issues such as the nature of the product (i.e. commodity or customized products), the nature of the commercial relationship (i.e. one off transaction or recurring purchases), cultural (i.e. uncertainty acceptance), or the industry practices themselves (e.g. person to person contact is traditional in the apparel/fashion sector). It is therefore suggested that enterprises, when considering the nature of trust, define it in the context of their own specific and immediate transaction opportunity. Such an analytical high/low risk grid should be created uniquely for each enterprise, with the objective of formulating that enterprise's perception of their "trust/risk/return" threshold level toward online transactions, and as such their willingness to use an e marketplace. An illustrative example of a reasonably generic grid is presented below.

Variable	High risk	Low risk
Product type	Customized	Commodity
Frequency of transactions	Ongoing purchases	One off purchase
Cultural	Avoidance of uncertainty is the norm	Acceptance of uncertainty is the norm

Buyer Assessment of an e Marketplace

There are a number of tangible “building blocks” that can give an indication of the sellers/e marketplaces “quality” of intent. These building blocks are the precursors to establishing “trustworthiness”. Some of the well established indicators of this are:

- Clear contact information for the e-marketplace in question (try to reach them, by email or phone...if they are serious about you as a client they should respond).
- Presence of a privacy statement (absence of such statement is a clear “red flag”)
- Presence of a terms of service/code of conduct statement (absence of such statement is a clear “red flag”).
- Testimonials from previous clients, which are clearly recent comments.
- An overabundance of advertisements may be an indicator of a lack of focus on direct customer relationships.
- Willingness to be transparent on line, about performance statistics. As you evaluate a site check back several times to see if statistics change. Static information could be an indicator of dormant site, or poorly maintained/used site.
- Presence of third party verification certificates/trust seals (Better Business Bureau (www.bbb.org), World Chamber of Network (www.worldchambers.com), GeoTrust (www.geotrust.com)).
- The e marketplace itself requires that their clients become verified as genuine by a third-party rating agency. This technique is used by Alibaba for example.

Clearly such an assessment is not necessarily conclusive, but if a degree of comfort with the initial user experience with the site is achieved it is a good sign.

Nothing Beats Experience!

The final step takes the discussion to evidencing that the e-marketplace is also trustworthy (i.e. clearly evidences integrity and ability). This can only be accomplished by completing online transactions.

Therefore once a short list of e-marketplaces has been determined (the enterprise feels that they can be trusted), the next step is to execute a transaction, in a marginal and immaterial way that does not affect the “going concern” of the enterprise. Then, based on that experience, a determination of the “trustworthiness” of the e marketplaces can begin to be ascertained.

Final Comments

The process that has been referred to here is associated with forming a view as to whether the enterprise feels it can trust the e marketplace in question, principally from a first impressions/subjective perspective of trust. Trust however is undoubtedly a more complicated measure than this cursory review provides and if a more comprehensive overview is desired it is suggested that the reader link to http://www.emarketservices.com/clubs/ems/artic/Checklist_Selecting.pdf for further review of both subjective and objective issues that ultimately affect trust and trustworthiness. Other references that may be of interest to the reader, particularly if your primary role within your firm is that of purchasing may be found at:

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