

Influence of Virtual Communities on Online Consumers' Trust

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Abstract. This research aims to help e-tailers improve their relationship with consumers in order to gain their trust. It does this by showing how the virtual community affects online consumer's trust and how a virtual community can be built to improve the consumer's trust for enterprises. Virtual community and electronic commerce are both new research areas that are becoming more popular according to recent academy studies. However in much of the research, the virtual community and e-commerce are examined in separate streams. This is seen as inappropriate since many online shopping websites contain a virtual community and many virtual communities and social networks contain e-commerce contents. To enquire into this, academic research literature linking the virtual community, e-commerce, and trust was examined. The findings highlight the role of validity of virtual communities, sociality of virtual communities, and safety of virtual communities to engender consumers' trust. The result indicates that the virtual community as an important medium can assist marketers in developing trust with their e-consumers.

Keywords: E-commerce, virtual community, trust, purchases intention, online shopping, consumer trust sources.

1. Introduction

Expansion of the Internet revolutionized business and created numerous opportunities for international trading^[1]. Articles by academics and in the business press indicate that an increasing number of consumers are using the Internet to buy products more so in developed markets where both Internet adoption and usage continues to rise^[2-4]. It has been estimated that by 2013 consumers will spend around US\$330 billion and business US\$4.75 trillion in online transactions. It appears likely that e-commerce will eventually impact almost all commercial activities by the year 2050^[5].

Even though online shopping is experiencing rapid growth, many people are still skeptical about the trustworthiness of online shopping. According to a survey conducted by FirstData^[6], 86% of the survey respondents had concerns in relation to the trustworthiness of online shopping, indicating that trust is the crucial dimension for online business.

As e-commerce develops, the third-party network platforms not only provide a feedback mechanism for evaluation but also create virtual communities for sellers and buyers to participate in, enabling freedom of discussion. In this situation, marketers should use the power of virtual communities to increase the level of consumers' trust to develop their market.

In this paper, we discuss how the virtual community affects consumer's trust and how a virtual community can be built to improve the consumer's trust for enterprises.

2. Consumer's Trust and Virtual Community

Trust is an important factor that influences relationships in the internet, especially in the online market. In the online marketplace, because of the virtuality of the Internet, consumers routinely engage with sellers with whom they have little prior interaction or with unknown sellers with no brand name^[7]. Trust leads to

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desirable outcomes for online stores, such as increased intentions to purchase and higher positive buying decisions. In e-commerce a consumer's trust is defined the consumer's perception that using the purchasing systems include internet technology and payment system, product/service description (photo) during online shopping is free of risk and uncertainty^[8]. The consumers trust is formed from their experience of, but not limited to, cultural, social and economic activities. This is reinforced by the success of the on-line store identifying the consumer's demands, by the ease of collection information on the product or service, evaluating and making purchasing decisions and evaluating after purchasing. This is facilitated by social behaviors such as knowledge sharing, information exchange and by developing empathy in a virtual community. According to iResearch^[9], more than 80 percent of internet users accessed virtual communities to obtain information; and a global Nielsen survey^[10] of Internet users in 47 markets with 26,486 responders indicated that consumers' positive comments are a most credible form of advertising among 78% of the study's respondents.

It is stated by Yang and Yan that:"The virtual community, as an outcome of the information technology and internet, taking the real community as prototype, experienced rapid evolution, enriched the contents and forms of the real community through making full use of the convenience and limitless time and space"^[11].

Technically, the e-commerce virtual community can be classified into three subsystems: the registering and cancelling subsystem; the public platform and communication platform; and the personal background management subsystem.

3. Mechanism that the virtual communities affect consumer's trust

Armstrong and Hagel^[12] were early to present a business model based on the creation and management of virtual communities. In this model, the virtual community satisfies member's interest, fantasy, information, and interpersonal communication. Virtual communications could be appealing to marketers primarily because they represent an appropriate forum for marketing of specific goods and services^[13]. The members' registration data of the virtual community in e-commerce can be used for business development value, with the added value that the members' sense of belonging for the community can be used for commercial purposes. This develops a new channel for marketers to interact with consumers. To take advantage of this, online stores (existing and potential) are encouraging website designers to develop online communication systems (virtual communities). In this regard many researchers believe that the virtual community through technologies with high security, convenience and sociality would influence consumer's trust^[7, 14].

3.1. Virtual Community Validity

The virtual community validity refers to the ability of the website to provide products and services that meet consumer's demand. Website validity affects consumer's trust through information, communication and knowledge sharing. According to Ping^[15] the conditions required for the existence of a virtual community are described by 3 I's - interest, intention and interaction; emphasizing information exchange of e-commerce as an important role. She argued that the establishment of the virtual community should also consider three factors: content, community and business, and proposed that attention should be paid to three areas:

- The decision making of corresponding groups from successful website business.
- The importance of members in the virtual community.
- The direction of website development in the virtual community.

Koh and Kim^[16] explored, from the aspect of knowledge sharing, the influences on activities that can affect the loyalty of virtual community providers. They studied 77 virtual communities in Korea found that community knowledge sharing activities and community participation was significantly associated with community validity.

3.2. Virtual Community Sociality

The virtual community sociality refers to the vision that consumers have of the virtual community that can realize a friendly interface, convenience, truth and harmony of interpersonal relations. Sociality affects consumer's trust through system design and emotional communication. Sindhav^[13] examined the role of WOM (Word-Of-Mouth), reference groups, and leisure activities in virtual communities. His findings

indicated that these items were important factors in core of the virtual community. The existence of virtual communities has opened the gates for e-WOM^[17].

In virtual communities people are interconnected in a way that was not previously possible. And these virtual communities have very easy access to direct communication allowing consumers to post their experiences of products and services^[18].

On the other hand, a good navigation system, easy information retrieval, delivery systems and individualized settings may affect cognition and emotion of both consumers and e-retailers in the virtual community. Emotional communication between the managers of virtual community and consumers and emotional communication among consumers are one of the bases for trusting online shopping and is more powerful than interaction of trading orientation.

Zhang Xizheng^[19] identified five trust types:

- performance ability and kindness
- intimidation
- knowledge
- acknowledge and belonging
- rules

He made a comparative analysis of the evolution between a trade-oriented virtual community and a relationship-oriented virtual community through a social network software entitled “Blanche”. The simulation results showed that trade-oriented trust has a short period of centrality in the social network evolution. But it has a long period of centrality in the network evolution of relationship-oriented trust. The results show that sellers should pay attention to the consumer relationship in virtual community.

3.3. Virtual Community Safety

Virtual community safety refers to the security of the consumer's personal information and assets (including physical and virtual assets) in that they have no illegal violation. Safety affects consumers' trust by the feedback mechanism, structure guarantee and system construction, etc. Feedback mechanism during the purchase data entry can, to a certain extent, reduce the information asymmetry and avoid repeated transactions. Ba and Pavlou^[20] through experiments online and the data of auction market online in eBay showed that the appropriate feedback mechanism could cause trust based on the calculations, without the need to repeat the interaction. The research also found that interpersonal interaction was important along with credibility trust even though the consumer did not need familiar with the latter. Structure guarantee represented by third-party safety can, to a certain extent, increase the consumer's trust.

4. Strategy on how to use the virtual community to promote consumer's trust

In consideration of the above sellers can use the power of virtual communities to win consumer's trust and loyalty. To achieve this goal, retailers should be aware of the following aspects.

4.1. Improve Virtual Community Validity

Managers of the virtual community optimize knowledge construction in virtual community based on consumer's demands and the characteristics of products and services of the e-retailers. Knowledge in enterprise itself should have a certain authority. If it can guarantee the authority and correctness of knowledge, and the relevance of the consumer's demand, not only would consumers themselves visit the virtual community on a regular basis, but they would also recommend the site to their relatives and friends who might in turn visit the virtual community. This could even extend to the consumers suggesting that they might like to buy the products. Meanwhile, managers of the virtual community should also make full use of members' knowledge to promote information exchange through members' interpersonal activity by awarding virtual points and/or gift rewards. Not only that, they should also give special rewards for information and knowledge that has high originality and is timely shared.

The knowledge production and sharing facilitated members of the virtual community will not only promote the construction of a virtual community of knowledge, but encourages the sharing of information between online members.

4.2. Improve Virtual Community Sociality

In order to let the virtual community members experience communication and a shopping environment with high virtual reality, the virtual designer should adopt a virtual reality technology. For example, in the virtual community a clothing retailer can access a system whereby consumers can virtually try on clothes. Similarly a website providing stock information services can build its own "virtual stock trading system". The system should conform to the consumer's acquired behavior in society. In order to improve the consumer's recognition and trust in a virtual experience the designer should continually increase the level of virtual reality of the system. In addition in order to promote emotional communication it can build private chatting and provide on-line alerts and offline messaging, etc. If the enterprise of e-commerce has a good economic condition it can consider holding regular "off-line" activities to promote the face-to-face communication for virtual community members in a social reality.

4.3. Improve Virtual Community Safety

This can increase the power of participation for virtual community members into community management through the establishment of special community affairs forum enabling consumers to build their sense of ownership and community members recognition. It will also promote the interaction and feedback between consumers and virtual community by developing a virtual community members' reward and accusation system. Consumer safety would be enhanced by reducing the uncertain information. At the same time, the virtual community should pay great attention to the third-parties; cooperating with credible network security service organizations thus transmitting the trust of the latter organization to the e-retailer. For example, using anti-fraud online payment system such as Taobao reduces the concern consumers have about not receiving goods after payment.

5. Conclusion

Over recent years, e-commerce has promoted the emergence of new kinds of communication between seller and buyer. This trend has become more pronounced with the advent of virtual communities. Virtual communities in e-commerce are based on interactions among consumers and e-retailers. Research shows one of the advantages of virtual communities for online firms is an increase in consumers' trust. By using technologies with high security, convenience and sociality, a virtual community can satisfy consumer's demand for information safety, convenient operation and social needs, in order to win customers trust.

6. References

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