Seller Trust in C2C Marketplaces: Who do you Trust?

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ABSTRACT

Transactions in online C2C marketplaces are characterized by uncertainty, information asymmetry, and anonymity, thus increasing the risk of seller opportunism. IS research has established trust between marketplace participants as a crucial element for buyers and sellers to transact online. The objective of this research-in-progress is to better understand what different mechanisms (e.g., e-image of a seller, feedback mechanisms, structural assurances, trust in the community of sellers, or intermediary trust) influence a particular purchase decision in a C2C marketplace exchange and why and how a buyer chooses to transact with a particular seller. Although extensive research has been done on reputation systems, only little research has attempted to get a comprehensive picture of trust in the single seller as well as its relationship with trust in the community of sellers and trust in the intermediary.

This study focuses on the buyer’s trust in an individual seller of an online transaction in a C2C marketplace. Specifically, we are interested in the following questions:

1. What is the relationship between trust in the individual seller, trust in the community of sellers, and trust in the intermediary? In particular, how does trust in the intermediary and trust in the community of sellers influence a particular purchase decision of a buyer?

2. What are possible antecedents to trust in an individual seller?

The research model relies on the Theory of Reasoned Action (TRA). TRA specifies that trust compromises beliefs, attitudes, and intentions which will lead to actual behavior. External factors influence attitudes, intentions, and behaviors through beliefs. The study develops hypotheses about the relationship between external factors, trust in the individual seller, trust in the community of sellers, trust in the intermediary, and actual transaction behavior. The proposed research method is a survey that allows to investigate a past purchase decision under uncertainty and risk taking. The targeted research setting is a P2P lending marketplace. The advantages of this research setting are (1) sellers can show their trustworthiness through several means (e.g., listing description, financial background, social capital), and (2) active communities of sellers and buyers allow to study the relationship between trust in the individual seller and trust in the community of sellers.

This research makes several important contributions to the trust in C2C marketplace literature. First, we explicitly differentiate between three different trust components that are important in a buyer’s purchasing decision: trust in the individual seller, trust in the community sellers, and trust in the intermediary. Second, we develop hypotheses to identify the relationships between the three trust components. Finally, we discuss and propose several different antecedents to a buyer’s trust in an individual seller. Antecedents to trust in the individual seller have, besides extensive research in feedback and rating mechanisms, received only little attention in the literature. However, the e-image of an individual seller is likely to be very important in a purchasing decision and need to be further investigated. This research will be a first step into this direction by focusing on the trust in the individual seller and trying to answer the question why a buyer purchases from one seller and not another.