Conveying Trustworthiness to Online Consumers: Reactions to Consensus, Physical Store Presence, Brand Familiarity, and Generalized Suspicion

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Abstract

Etailers have been losing market share to brick and mortar retailers that also sell products online. Two related studies investigate means by which etailers can convey trustworthiness to consumers and thereby increase purchase intentions relative to hybrid firms. Study 1 examines whether consensus information (i.e., the extent of satisfaction agreement among previous customers) and brand familiarity exert independent or interactive effects on consumer perceptions across retailers that possess, or lack, a physical presence. Study 2 tests a potential boundary condition of the effects of consensus information and brand familiarity by introducing generalized suspicion, which is a common condition for online buyers. Results suggest that consensus information provides a broad cue that conveys trustworthiness and leads to greater purchase intentions for both familiar and unfamiliar brands, as well as hybrid and etailer firms. In comparison, the effects of physical presence and brand familiarity were somewhat narrower in scope. However, we find that consensus information alone is not sufficient to buffer against active, generalized suspicions online. Instead, a combination of high consensus and brand familiarity is necessary for this purpose. The paper concludes with recommendations on how etailers can convey trustworthiness in online exchanges and how future research can build upon these findings.

Keywords: Bricks and mortar; Physical presence; Brand familiarity; Suspicion; Trust; Online retailing

Online retailers such as Amazon and eBay are losing market share due to a growing threat from venerable brick and mortar firms that have migrated to the web. “Hybrid” retailers (i.e., firms that have both an Internet and physical retail presence) like Wal-Mart, Target, and Best Buy are among the top 10 most visited retail web sites (Vara and Mangalindan 2006). Meanwhile, the share of online sales by pure etailers has fallen 8% since 2004, causing some firms (e.g., Overstock.com) to post revenue shortfalls for the first time. These shifts in online retailing may reflect the premium that consumers place on trust in their online transactions and the failure of conventional online trust signals, such as privacy and security policies, to reassure consumers.

One possible explanation for the success of hybrid retailers is that the physical presence associated with their brick and mortar outlets assures customers and increases their trust in the online operation (Vara and Mangalindan 2006). Trust is seen as a crucial factor in the academic literature, as exemplified by statements such as “price does not rule the web; trust does” (Reichheld and Schefter 2000, p. 107) and “website trust is going to become a key differentiator that will determine the success or failure of many retail web companies” (Urban, Sultan, and Qualls 2000, p. 40). Claims such as these suggest that etailers should look at broad and persuasive trust cues that can be leveraged to compete with hybrid retailers that have strong brands and numerous physical outlets.

Beyond the effects of physical presence and branding, one important potential way to enhance trustworthy beliefs online is by making non-marketer controlled information more accessible to potential buyers. With this goal in mind, the current research examines consensus information as an additional means...
of establishing consumer trust. Broadly speaking, consensus information concerns whether the majority of consumers have had positive or negative experiences with the same product or retailer in the past (Darke, Ashworth, and Ritchie 2008). Online, consumers can access such information in many forms, including aggregate customer satisfaction/service ratings provided by third-party websites like epinions.com, yelp.com, and tripadvisor.com. Consensus information can also be accessed directly through retail websites, in the form of product and reseller ratings. The current research focused on consensus information pertaining to past experiences with retailers, which is most commonly found on third-party sites. Preliminary research suggests that 62% of online consumers consult customer feedback before making a purchase, and 82% report that their purchase decision is affected by this feedback (Deloitte and Touche 2007). Despite this, little is known about the relative effects of consensus information in the development of consumer beliefs about trustworthiness. More specifically, prior research does not consider whether the effects of consensus information are additive or interactive with other broad trust cues like brand familiarity and physical presence.

This gap in our understanding of online trust cues leaves several important questions unanswered. For example, little is known about the relative strength of consensus information in the development of trustworthy beliefs compared to the strengths of brand and physical presence cues. It is also unclear whether consensus information is similarly important for online and hybrid retailers; it may be that the trustworthiness conveyed by the presence of a physical retail channel is redundant with a second trust cue like consensus scores. Answers to these and other similar questions have important implications for retail managers and address recent calls in the retailing literature concerning the joint effects of retailer reputation (e.g., a familiar brand) and other information cues (e.g., consensus information, physical presence) on perceptions of retailers (Grewal, Levy, and Lehmann 2004; Puccinelli et al. 2009), as well as the role of different retail formats (e.g., hybrid versus Internet-only) in the consumer decision making process (Grewal, Levy, and Kumar 2009).

We investigate these issues in two experimental studies. Our first study examines the main effects and interactions of consensus information, physical store presence, and brand familiarity on trustworthiness and purchase intentions. In Study 2, we extend our query to examine the effects of consensus information and brand familiarity when consumers are actively suspicious and less inclined to trust sellers in general (Darke and Ritchie 2007). Manipulating generalized suspicion provides an especially challenging test for the effectiveness of consensus and brand cues in reassuring consumers, and also allows for the examination of a potential boundary condition. Results of both studies establish consensus information as a broad cue with effects on trustworthiness that are comparable to those observed for well-established cues, like brand familiarity. Trust is identified as a mediating factor for the effects of the manipulations on purchase intentions in both experiments. A broad overview of the models tested in both studies is provided in Fig. 1.

**Conceptual background**

**Trust**

Understanding the factors that convey trustworthiness is particularly important for online firms (Gupta, Yadav, and Varadarajan 2009), as trust and related constructs are key determinants of purchase intentions on the Internet (Schlosser, White, and Lloyd 2006; Yoon 2002). Moreover, trust in the seller is said to mediate the effects of important website characteristics like
navigation, advice, and order fulfillment processes on behavioral intentions (Bart et al. 2005).

Conventional wisdom suggests that trust is at its highest when the trustor believes the trust target is credible and is willing to rely on the exchange partner, particularly when the exchange partner has the ability to exploit the vulnerability of the trustor (Moorman, Deshpandé, and Zaltman 1993; Rousseau et al. 1998). Thus, trust measures are typically comprised of reliability and benevolent trust dimensions (Delgado-Ballester 2004). Reliability refers to the belief that the seller has the expertise and competence to do the job effectively whereas benevolence is the belief that the seller has positive intentions regarding the buyer’s welfare (Ganesan 1994; Shankar, Urban, and Sultan 2002; Singh and Sirdeshmukh 2000). This conceptualization is consistent with the online trust (Schlosser, White, and Lloyd 2006) and relationship marketing literatures (Doney and Cannon 1997; Ganesan 1994; Morgan and Hunt 1994).

Rationale for trust cue selection

Prior research on trust in online retailers focuses on four major categories of trust drivers: (1) website characteristics (navigation, privacy policies, third-party endorsements, absence of errors, etc.), (2) retailer characteristics (brand strength, merchandise value, order fulfillment, etc.), (3) consumer attitudes toward e-commerce and the Internet, and (4) consumer personality. Recent research (e.g., Bart et al. 2005; Walczuch and Lundgren 2004) indicates that the latter two categories have very little impact on consumer trust in online retailers. In contrast, website features tend to have a modest impact on retailer trustworthiness (Aiken and Boush 2006; Bart et al. 2005; Pan and Zinkhan 2006; Schlosser, White, and Lloyd 2006; Yoon 2002) and retailer characteristics have a large impact on trustworthiness (Bart et al. 2005; Harris and Goode 2004). Within retailer characteristics, brand cues have emerged as a critical driver of trust in online exchanges, and their presence often mitigates the effectiveness of less diagnostic trust cues like website characteristics (Bart et al. 2005).

Findings that suggest privacy policies and indicators of third-party endorsements are weaker trust cues may be related to their diagnostic qualities. Such website features may now be viewed by consumers as “table stakes” in the online retail environment. That is, website characteristics may be necessary but not sufficient to attract and retain consumers in an increasingly competitive environment. Alternatively, retailer characteristics represent attributes that vary across competitors and can be strategically targeted by companies to develop a unique position in the market. The current study extends previous Internet trust research by providing new insights into the relative effects of three important retailer characteristics: consensus information, physical presence, and brand familiarity. Additional support for each of these variables is provided next.

Consensus information

Consensus information has to do with the majority opinion (Darke et al. 1998). In a buying context, consensus information provides an account of the firm’s past performance based on the cumulative experiences of other customers, and it can pertain to the product, the retailer, or both. Consensus information pertaining to experiences with retailers tends to come from third-party sources and can include firms across multiple industries (e.g., epinions.com) or can be industry-specific (e.g., tripadvisor.com). The consensus taker typically invites consumers to evaluate their experiences with firms or products on one or more dimensions, and then presents aggregated information to potential customers in various formats, such as performance tables, histograms, and star ratings.

Modern theories of persuasion view consensus information as an important driver of attitudes and behavior. Cialdini (1993) regards consensus information as “social proof” and suggests that such information is often taken as evidence of the truth over more objective facts. Dual process theory views consensus information as an important heuristic cue that leads to persuasion via the inference that the majority opinion must be correct, and therefore the consumer should agree with the majority (Chaiken, Liberman, and Eagly 1989). Research in this vein shows that consensus information has substantial effects on judgment under both high and low motivation, and that even relatively unreliable sources of consensus information can have a significant impact on judgment (Darke et al. 1998).

Although consensus information has received little attention in the marketing literature to date, it is closely related to other forms of feedback ratings that have been examined in other research contexts. Prior research suggests that company consensus scores can provide consumers with an indirect indication of the trustworthiness of the firm (Bolton, Katok, and Ockenfels 2004). Along similar lines, the effect of having few versus many positive reports has been examined (McDonald and Slawson 2002), and feedback valence is known to be an important determinant of trust and price premiums for Internet auctions (Bajari and Hortacsu 2003). Ba and Pavlou (2002) found that sellers with perfect consensus records were more trusted than sellers with a 92% score. These studies are grounded in the notion that consensus exerts its influence primarily through an informational mechanism (majority opinion is used to infer the correct judgment) rather than through normative pressure (social pressure associated with deviating from the majority; Burnkrant and Cousineau 1975). These findings suggest that consensus cues are likely to impact judgments associated with online retailers, despite the relatively private nature of online purchases. Thus:

H1. Both the reliability (H1a) and benevolence (H1b) dimensions of trust as well as purchase intentions (H1c) will be higher when consensus information indicates satisfactory performance is higher rather than lower.

Physical store presence

The online environment tends to eliminate cues that customers might otherwise use to assess the trustworthiness of a firm (Reichheld and Schefter 2000). The lack of tangible cues and personal interaction are typical of online shopping and represent a critical challenge for online retailers (Laroche et al.
Interestingly, hybrid firms that maintain both online and physical channels are favored over e-tailers (Schoenbachler and Gordon 2002). We suggest that trust plays a key role in this respect.

A primary reason that consumers are likely to trust hybrid retailers is that the physical presence of a bricks and mortar storefront may prompt consumers to categorize the retailer as a member of the physical purchase environment, which leads to a belief that the firm can be held accountable (Quelich and Klein 1996). The underlying attitudinal process is rooted in categorization theory (Alba and Hutchinson 1987), which suggests that consumers group new stimuli into categories based on similar characteristics in order to draw inferences. After grouping an entity (e.g., hybrid retailer) into a distinct group (e.g., retailers with physical stores), consumers’ perceptions of that group are assigned to the entity (Campbell 1958). In the current context, categorizing a hybrid store as a more traditional retailer rather than an e-tailer per se would be expected to lead to greater trust in the seller given that trust in traditional retailers is historically higher than in e-tailers (Laroche et al. 2005). Moreover, several characteristics of traditional retailers that are linked to trust may be assigned to hybrids, yet are not transferable to pure e-tailers. For instance, if a consumer believes there is an option to return a product to a physical store, address complaints in person, or inspect products before purchase, then trust and repurchase intentions should increase (Laroche et al. 2005).

H2. Both the reliability (H2a) and benevolence (H2b) dimensions of trust as well as purchase intentions (H2c) will be higher for hybrid firms than e-tailers.

Brand familiarity

The effects of brand-related factors on trust and consumer judgment are well known in the marketing literature. Consumers frequently use brand name and related cues as a basis for product choice (Adaval 2003; Brady et al. 2008). In particular, research suggests that well-established brands act as a powerful heuristic cue that influence purchase decisions (Maheswaran, Mackie, and Chaiken 1992).

Familiar brands include many positive associations that lead consumers to judge that the product or firm is trustworthy (Aaker 1991; Keller 1993) and thereby serve as signals of quality in situations where it may not be possible to directly examine a product (Erdem, Swait, and Valenzuela 2006; Hoeffler and Keller 2003; Montgomery and Wernerfelt 1992). In keeping with numerous precedents, we consider brand familiarity in this research.

H3. Both the reliability (H3a) and benevolence (H3b) dimensions of trust as well as purchase intentions (H3c) will be higher for familiar brands than unfamiliar brands.

Interaction effects

In addition to benchmarking the main effects outlined earlier, we investigate the potential interactive effects these variables may have on consumer judgment. There are a number of reasons to believe that brand familiarity would reduce the need for other trust cues. A familiar brand name is considered a high-scope heuristic because other heuristic cues often have less influence when consumers are familiar with the brand (Raghubir and Corfman 1995, 1999). In addition, brand associations may influence the interpretation of additional information about a seller in a manner that is congruent with the overall evaluation of the brand (Herr, Kadras, and Kim 1991; Venkatasubramani and Moore-Shay 1998). Likewise, consensus information has been shown to have powerful effects in other judgment contexts (Darke et al. 1998), suggesting that this variable also influences judgments over a broad set of conditions and may cause other sources of information to be largely redundant.

We therefore predict that consumers should be less concerned about the physical presence of the retailer when they are either already familiar with the brand or have consensus information that suggests past customers are highly satisfied with the firm. Finally, we do not predict an interaction between brand and consensus information given past evidence that suggests both of these factors should have broad effects on consumer perceptions (i.e., these factors should have independent main effects). Thus, the interaction predictions are:

H4. Brand familiarity and physical store presence will interact on both the reliability (H4a) and benevolence (H4b) dimensions of trust as well as purchase intentions (H4c) such that physical presence will have greater impact for unfamiliar brands than for familiar brands.

H5. Consensus information and physical store presence will interact on both the reliability (H5a) and benevolence (H5b) dimensions of trust as well as purchase intentions (H5c) such that physical presence will have stronger effects for firms with low consensus and weaker effects for firms with high consensus.

Mediation effects

We also consider a mediation hypothesis whereby the effects of consensus information, physical presence, and brand familiarity on purchase intentions operate through trust. Past research suggests that online trust is an important mediator of consumer purchase intentions (Jarvenpaa, Tractinsky, and Vitale 2000; Schlosser, White, and Lloyd 2006; Yoon 2002). Trust has been found to mediate the effects of brand strength, brand familiarity, order fulfillment, web site investment, and many web site characteristics on purchase intentions (Bart et al. 2005; Schlosser, White, and Lloyd 2006). These findings are consistent with the commitment-trust theory of relationship marketing, which suggests that trust is a “key mediating variable” between relationship constructs and behavioral outcomes (Morgan and Hunt 1994, p. 20). More formally:

H6. Both the reliability (H6a) and benevolence (H6b) dimensions of trust will mediate the observed effects of consensus, physical presence, brand familiarity or their interactions on purchase intentions.
Study 1: Main and interaction effects

Method

Subjects and design

A 4 (Consensus: ideal, typical, minimally acceptable, and unacceptable) × 2 (Physical Presence: hybrid retailer, etailer) × 2 (Brand: familiar, unfamiliar) between-subjects design was employed. The dependent measures were trustworthiness beliefs (benevolence and reliability measures) and purchase intentions. Three hundred and two undergraduate business students were recruited to participate in the experiment and given extra credit for their participation. The respondents participated in the study by visiting a website where they were randomly assigned to one of the 16 conditions. Cell sizes ranged from 15 to 24.

Procedure

Following random assignment, subjects were forwarded to a webpage that presented a brief purchase scenario that manipulated the three factors. This scenario explained that participants needed to purchase a textbook for one of their classes and they had found a commercial website that was selling a used copy of the text for the price the respondent “expected to pay on the Internet.” Used books were specifically selected to instill speculation about the condition of the books beyond what could be accomplished by selling a new product, as used books can be tattered, water damaged, excessively highlighted, and have torn or missing pages. The seller designated the book’s condition as “Like New” and subjects were told that this classification suggested that the book had been read, but there was no physical difference between the used book and a new version. Participants in the familiar brand condition were told the name of the firm selling the book was either Amazon.com or Barnes & Noble, whereas those in the unfamiliar brand condition were told the firm’s name was either Maximo.com or Suprema Booksellers. The fictitious brand names were borrowed from prior research published in the retailing literature (Senecal and Nantel 2004). Pre-testing indicated that both Amazon.com (M = 6.02) and Barnes & Noble (M = 6.06) brands were significantly more familiar than their hypothetical counterparts (M_{Maximo.com} = 3.16, M_{Suprema} = 3.03; ps < .001). The physical presence of the seller was manipulated by informing participants either that the seller operated strictly on the Internet (Amazon.com and Maximo.com) or that the seller also had a physical store location in the area (Barnes & Noble and Suprema).

Participants were also provided with consensus information in the form of satisfaction ratings for each retailer based on responses from previous customers that was said to be from a third-party source. This information appeared in a table that showed the number and percentage of customers who indicated they were satisfied with the seller within the past three months. The level of consensus indicated in the table was varied according to the following conditions: ideal (97.8% satisfied), typical (88.4% satisfied), minimally acceptable (73.1% satisfied), and unacceptable (60.3% satisfied). These levels were set in accordance with the results of a pilot study conducted with a separate sample of undergraduates at the same university (n = 118). After reading the scenario, respondents were asked to respond to a series of scaled response questions. Finally, respondents were forwarded to a webpage where the manipulation checks were conducted.

Dependent measures

All items were measured using nine-point Likert scales. Respondents indicated their purchase intentions (PI) on a four-item scale with origins in Zeithaml, Berry, and Parasuraman (1996). Trustworthiness perceptions were assessed with two scales from Delgado-Ballester (2004). The first scale assessed the reliability dimension, which focuses on competence and the extent to which the retailer would fulfill the consumers’ needs (Delgado-Ballester, Munuera-Alemán, and Yagüe-Guillén, 2003). The second scale measures aspects of altruism, benevolence, and dependability and the extent to which a retailer is motivated to satisfy consumer interests (Delgado-Ballester, Munuera-Alemán, and Yagüe-Guillén, 2003). This multi-dimensional approach to measuring trust is consistent with recent investigations of the construct in online retailing (e.g., Gupta, Yadav, and Varadarajan 2009).

A measurement model was assessed using confirmatory factor analysis (CFA) and the results suggested that the measurement model offered good fit to the data (χ^2 = 132.33; df = 51; CFI = .99; TLI = .99; SRMR = .019). The scales sufficiently met Fornell and Larcker’s (1981) criteria for convergent and discriminant validity, as the average variances extracted estimates exceeded both .50 and the shared variances between constructs.

Results

Manipulation checks indicated the manipulations were effective. With regard to the consensus manipulation, 97.2% of subjects correctly recalled the consensus scores within four percentage points of the manipulated figure. As in the pre-testing, Amazon.com (M = 6.87) and Barnes & Noble (M = 7.18) brands were found to be significantly more familiar than Maximo.com (M = 4.44) and Suprema (M = 5.26; ps < .001). Lastly, 92.3% of respondents correctly classified the seller into the appropriate physical presence category.

A 4 (consensus) × 2 (physical presence) × 2 (brand familiarity) ANOVA was computed for all dependent variables. Summary means are presented in Table 1 and details on the ANOVA analyses are presented in the following section. The ANOVAs indicated significant main effects of the consensus manipulation on each measure (ps < .001). Scheffe’s multiple comparisons indicate support for H1a–c; higher consensus led to greater trust and higher purchase intentions. Specifically, the means for each level of consensus (see Table 1) differed significantly except for the typical versus minimally acceptable
Table 1
Study 1: Results of hypotheses testing.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypothesis testing</th>
<th>Means of the dependent variables across experimental conditions</th>
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</table>
| H1: Both the reliability (H1a) and benevolence (H1b) dimensions of trust as well as purchase intentions (H1c) will be higher when consensus information indicates satisfactory performance is higher rather than lower. | H1a: Supported    | Ideal  
7.37 6.71 7.54 |
H1b: Supported                                                            | Desired           | 6.33 5.96 6.56 |
H1c: Supported                                                            | Minimally acceptable | 6.13 5.58 6.00 |
|                                                                          | Unacceptible      | 4.52 4.30 4.48 |
| H2: Both the reliability (H2a) and benevolence (H2b) dimensions of trust as well as purchase intentions (H2c) will be higher for hybrid firms than etailers. | H2a: Not Supported | Ideal  
6.26 5.94 6.42 |
H2b: Supported                                                            | Hybrid            | 5.91 5.33 5.87 |
|                                                                          | Etailer           | 6.41 6.03 6.45 |
| H3: Both the reliability (H3a) and benevolence (H3b) dimensions of trust as well as purchase intentions (H3c) will be higher for familiar brands than unfamiliar brands. | H3a: Supported    | Ideal  
6.37 6.25 6.50 |
H3b: Supported                                                            | Hybrid            | 6.16 5.63 6.34 |
|                                                                          | Etailer           | 5.38 4.86 5.35 |
| H4: Brand familiarity and physical store presence will interact on both the reliability (H4a) and benevolence (H4b) dimensions of trust as well as purchase intentions (H4c) such that physical presence will have greater impact for unfamiliar brands than for familiar brands. | H4a: Not Supported | Ideal  
7.22 6.71 7.44 |
H4b: Supported                                                            | Hybrid            | 6.28 5.85 6.51 |
|                                                                          | Etailer           | 6.39 6.08 6.62 |
| H5: Consensus information and physical store presence will interact on both the reliability (H5a) and benevolence (H5b) dimensions of trust as well as purchase intentions (H5c) such that physical presence will have stronger effects for firms with low consensus and weaker effects for firms with high consensus. | H5a: Supported    | Ideal  
6.36 6.13 6.45 |
H5b: Supported                                                            | Hybrid            | 5.90 5.03 5.56 |
|                                                                          | Etailer           | 5.20 5.08 5.28 |
| H5c: Supported                                                            | Unacceptible      | 3.85 3.51 3.67 |

Note: Reliab: reliability dimension of trust; Benev.: benevolent intentions dimension of trust; Intent: purchase intentions.
The effects of physical presence were similar across the three outcome variables: benevolence \( F(1,302) = 8.64, p < .05 \), reliability \( F(1,302) = 2.97, p < .09 \), and purchase intentions \( F(1,302) = 6.18, p < .05 \). As expected, the means were higher for the hybrid retailer than the etailer on each dependent measure. Collectively, these results support H2b and H2c, but not H2a. Further, the brand familiarity x physical presence interaction was significant for reliability and purchase intentions \( ps < .05 \), but not for benevolence \( F(1,302) = .60, p > .44 \). Probing of the significant interactions revealed that for both reliability and purchase intentions, hybrid firms were rated higher than etailers when the brand was unknown \( ps < .001 \), but not when the brand was more familiar. Brand familiarity therefore fully qualified the effects of physical presence on reliability-based trustworthiness and purchase intentions, supporting H4a and H4c, but not H4b. The nature of the interaction observed here also suggests that the effects of brand familiarity on reliability and purchase intentions were fully qualified by physical presence. That is, brand familiarity increased reliability and purchase intentions for etailers \( ps < .001 \), but not for hybrids \( ps > .50 \). In contrast, for perceptions of benevolence, the main effect of brand held across both etailers and hybrids \( ps < .05 \), which means that more familiar brands were seen as more benevolent than unfamiliar brands regardless of the type of retailer. These findings provide unexpected evidence concerning the scope of the observed brand effects, as it appears that such brand effects applied more to etailers than hybrids.

Consistent with H5a-c, the ANOVAs showed a significant physical presence x consensus interaction on all three measures \( F(3,302) = 3.44, 4.43, \) and \( 3.96, ps < .05 \). The means are presented in Table 1 and reveal that physical presence affects trust and purchase intentions when consensus information is either minimally acceptable or unacceptable \( p < .05 \), but not for typical or ideal levels of consensus \( ps > .37 \). In other words, higher consensus scores fully qualified the benefits of physical presence. Another possible interpretation of this interaction is that the effects of consensus information are attenuated somewhat for hybrid firms. However, further tests showed the effects of consensus information were actually significant for both etailers \( F(1,156) = 29.04, 32.20, \) and \( 23.29, ps < .001 \) for purchase intentions, reliability, and benevolence and hybrids \( F(1,146) = 8.01, 7.78, \) and \( 4.51, ps < .01 \), suggesting that physical presence somewhat reduced the effects of consensus, but did not fully qualify them. Overall, consensus information had positive effects for both etailers and hybrids, while the effects of physical presence were observed only when consensus suggested previous customers were less satisfied.

Finally, we probed the extent to which the effects of the manipulations on purchase intentions were mediated by reliability \( H6a \) and benevolence \( H6b \). If trust is a central construct leading to purchase outcomes, then the effects of consensus information, physical presence, brand familiarity, and their interactions should be mediated by trust. The initial requirements for mediation are supported by the preceding analyses showing that the effects of consensus, physical presence, brand familiarity, and several of their interactions were similar for both dimensions of trust and purchase intentions \( \text{(Baron and Kenny, 1986)} \). Mediation analyses were not conducted for interactions when these initial requirements were not met. In order to formally test for mediation, we conducted a set of ANCOVAs where benevolence and reliability were entered separately as covariates and purchase intentions were specified as the dependent variable. These analyses showed that both reliability \( F(1,302) = 306.79, p < .001 \), partial \( \eta^2 = .56 \) and benevolence \( F(1,302) = 182.11, p < .001 \), partial \( \eta^2 = .39 \) were significant predictors of purchase intentions, and that accounting for each covariate reduced the main and interaction effects previously observed on purchase intentions. Consistent with H6a and H6b, both reliability and benevolence fully mediated the main effects of brand, physical presence, and the interaction effects and partially mediated the effects of consensus on purchase intentions.

Discussion

The results of the first study support the predictions that consensus information, physical presence, and brand familiarity have positive effects on trust and purchase intentions. The main effects of physical presence, however, were qualified by significant interactions with both consensus information and brand familiarity. With regard to the physical presence and consensus interaction, we find that the benefits of physical presence are limited to firms with low levels of consensus information. In addition, the significant interaction between physical presence and brand familiarity suggests that the benefits of having a physical presence are limited to relatively unknown retailers. Therefore, the effects of physical presence were fully qualified by both brand familiarity and consensus. However, there was no interaction between consensus and brand familiarity, and although the effects of consensus were attenuated somewhat by physical presence, consensus information still had positive effects for both etailers and hybrids. In this sense, consensus acted as a broad trust cue. Finally, while brand familiarity and consensus information had additive effects, the benefits of a familiar brand and physical retail presence were largely redundant with each other.

Study 2: Buffering etailers against generalized suspicion

Brand familiarity and consensus information had the broadest effects on trust and purchase intentions in Study 1 and are therefore further examined in Study 2. Moreover, the main goal of the second study is to examine the effects of generalized suspicion, and given the prevalence of consumer distrust online \( \text{(Bolton,} \)
Recent findings suggest generalized suspicion has robust effects on consumer judgment, which are not easily counteracted (Darke and Ritchie 2007). Despite these observations, past studies examining factors that convey trustworthiness online have not included experimental conditions where consumers are actively suspicious. The current study examined such conditions to determine whether the relatively broad effects of consensus information and brand familiarity would prove capable of buffering the generalized suspicion consumers often feel when making online purchases (Pavlou and Gefen 2005). Hypotheses are developed more formally below.

Rotter’s (1967) social learning theory defines trust and suspicion in terms of an expectation that others will live up to their word or fulfill their promises. It is further suggested that such expectations can be either specific or generalized in nature. Specific trust/suspicion is derived from information pertaining to past experiences with the same firm whereas generalized suspicion transfers from experiences with similar firms. Generalized distrust towards online sellers as a group can be generated by many sources, including contract violations, misleading claims, and failure to honor guarantees (Pavlou and Gefen 2005).

Recent work attempts to understand the effects of generalized suspicion using the bias model of consumer suspicion (Darke and Ritchie 2007). The biased model infers that consumers evoke generalized suspicion to protect themselves against the possibility of being fooled in future transactions. This research shows that misleading product claims made by one seller can generate suspicion that carries over to negatively bias attitudes towards products sold by second-party sellers. Moreover, it is difficult to counteract the negative effects of generalized suspicion once evoked (Darke and Ritchie 2007). For instance, generalized suspicion had negative effects on second-party products regardless of whether strong or weak arguments were made. There is also some evidence that even recognized and trusted brands are ineffective in buffering against generalized suspicion (Darke, Ashworth, and Ritchie 2008). This background led to the prediction that exposure to false product claims in one purchase context will lower the perceived trustworthiness of other sellers in online purchase transactions, and thereby reduce purchase intentions. Specifically:

**H7.** Online sellers will receive lower evaluations on both the reliability (H7a) and benevolence (H7b) dimensions of trust and purchase intentions (H7c) will be lower when consumers have been previously deceived by another company.

The primary research question addressed in this second study is whether brand familiarity, consensus information, or a combination of the two are effective in combating the negative effects of generalized suspicion. According to Rotter’s (1967) social learning view, consumers should rely on specific information about the target firm’s trustworthiness over more general sources of trust/distrust because the former is more diagnostic than the latter. Both a familiar brand and consensus information constitute specific sources of information about the trustworthiness of the firm and therefore consumers should consider these more diagnostic than generalized suspicion. According to this view, both consensus information and brand familiarity should be effective in buffering against the generalized effects of suspicion. More formally:

**H8.** Generalized suspicion will have negative effects when consensus is low but not when consensus is high for measures of reliability (H8a), benevolence (H8b) and purchase intentions (H8c).

**H9.** Generalized suspicion will have negative effects for familiar brands but not for unfamiliar brands on measures of reliability (H9a), benevolence (H9b) and purchase intentions (H9c).

However, generalized suspicion can act as a persistent negative bias in judgment, which leads consumers to be overly suspicious at times (Darke and Ritchie 2007; Main, Dahl, and Darke 2007). It is therefore possible that neither consensus information nor brand familiarity alone will be capable of overcoming generalized suspicion. However, a combination of high consensus and brand familiarity might prove more effective because the cues provide two independent, specific, and consistent sources of information that the online vendor is trustworthy. Therefore:

**H10.** A three-way interaction is predicted where the combination of a familiar brand and high consensus is expected to be particularly effective in attenuating the negative effects of generalized suspicion on reliability (H10a), benevolence (H10b), and purchase intentions (H10c).

**Method**

**Subjects and design**

A more diverse sample was used in Study 2 than the one used in Study 1. Trained student interviewers recruited 261 non-student respondents in a medium-sized metropolitan area. Data were collected as part of a research project for a senior-level marketing research course. Student recruiters identified potential respondents, provided them a description of the study, and emailed them a link to the online experiment. When respondents reached the home page for the experiment, they were randomly assigned to one of the twelve conditions and forwarded to the appropriate survey instrument.

The sample contained 50.6% women and 49.4% men. With respect to ethnicity, 76.6% of respondents were Caucasian, 9.8% were Hispanic, 7.8% were African-American, 3.4% were Asian-American, and 2.0% did not identify themselves. The sample population was fairly well educated, with 10.3% with a graduate degree, 4.6% completed some graduate school, 23.8% with a college degree, 52.5% had some college, 5.0% had a high school diploma, and 0.8% had not graduated high school. The average age of the sample was 39.7 years.

Respondents were randomly assigned to a 2 (Suspicion: suspicion, control) × 2 (Brand: familiar, unfamiliar) × 3 (Consensus: ideal, typical, minimally acceptable) between-subjects experimental design. Because the results for the minimally acceptable and unacceptable consensus conditions were very similar in the first experiment, the latter condition was dropped. Cell sizes in the second experiment ranged from 16 to 26.
Procedure

The procedure for the second experiment included two phases. The first phase delivered a manipulation based on Darke, Ashworth, and Ritchie (2008) that was intended to induce perceptions of generalized suspicion. In the second phase, participants were presented with an online purchase scenario for a used book concerning professional/personal development. As in Study 1, the book was described as “Like New,” meaning it had been read, but there was no physical difference between the used book and a new version. Respondents then completed a questionnaire containing the dependent measures.

Phase 1. All participants were directed to a series of advertising claims that contained a claim for Beecham’s Chocolate Chip Muffin Mix that read, “Beecham’s Chocolate Chip Muffin Mix has 50% more chocolate chips than any other brand.” Pretests showed that all respondents (N = 73) thought this claim implied Beecham’s brand had more chocolate than other brands. Respondents in the suspicion condition were then directed to a webpage showing an advertising correction published by the Federal Trade Commission (FTC). The webpage explained that some consumers had understood the Beecham’s claim to mean that its muffin mix contained more chocolate, but that this was not true since other brands actually had more chocolate by weight. The correction further explained that while Beecham’s mix did have more chips, these chips were smaller than competing brands. Participants in the control condition received no FTC feedback regarding the validity of the ad claims.

Phase 2. The second phase of the experiment was presented as a separate study being conducted by researchers at a different university in order to reduce any connection between the two phases of the procedure. A suspicion probe suggested that none of the subjects made any connection between the two phases. Participants were directed to a web page at the second university that contained a scenario describing the online purchase of a used book for a professional development course they were to imagine they were taking at a local college. Each scenario included the brand name and consensus information for the bookseller according to the condition to which subjects had been assigned. Only the familiar (Amazon.com) and unfamiliar (Maximo.com) e-tailers from Study 1 were used here (i.e., both sellers were e-tailers). The remainder of the second phase mirrored the procedures for Study 1.

Dependent measures

All items were rated on eleven-point Likert scales. The items used for the second experiment were the same as those used for the first study. A CFA conducted on these items indicated that the measurement model again provided good fit to the data ($\chi^2 = 173.69; df = 51; CFI = .99; TLI = .98; SRMR = .045$), and exhibited sufficient construct reliability, convergent validity, and discriminant validity.

Results

Checks were performed to verify the effectiveness of the manipulations. After the FTC correction, subjects in the suspicion group ($M = 6.16$) felt significantly more deceived [$F_{(1,259)} = 119.74, p < .001$] than in the control group ($M = 3.35$). With regards to the consensus manipulation, all subjects recalled the correct consensus score within four percentage points of the manipulated figure. Finally, Amazon.com was rated as more familiar than the fictitious Maximo.com brand [$M_{s} = 5.95$ vs. $4.49, F_{(1,259)} = 39.86, p < .001$].

A 2 (suspicion) × 2 (brand familiarity) × 3 (consensus) ANOVA was computed for all dependent variables. The means are provided in Table 2. Both brand familiarity [$F_{8(1,261)} = 28.19, 19.16$ and $15.91, ps < .001$] and consensus information [$F_{8(1,261)} = 13.45, 7.84$ and $16.83, ps < .001$] had positive effects on all three of the dependent measures. Further, the Brand × Consensus interaction was not significant [$F_{8(1,261)} = .78, .21$ and $.82, ps > .44$]. These findings closely replicate the findings in Study 1. There were also significant main effects of the suspicion manipulation on all dependent measures [$F_{8(1,261)} = 13.35, 10.23$ and $24.94, ps < .001$], which indicated that participants in the suspicion condition believed the online bookseller was less trustworthy and they were less likely to make a purchase relative to the control condition, thus supporting H7a–c.

Hypothesis 8 proposed that the effects of suspicion should be attenuated when consensus information is relatively high. The test of the interaction between suspicion and consensus yielded significant results for all the measures ($ps < .05$). However, mean comparisons revealed these interactions were not consistent with Hypothesis 8a–c. The effects of suspicion were significant ($ps < .05$) at both the ideal consensus level (Reliability: $M_{\text{suspicion}} = 7.59, M_{\text{control}} = 8.91$) and typical consensus level (Reliability: $M_{\text{suspicion}} = 6.92, M_{\text{control}} = 8.19$); however, suspicion had no significant effects when the consensus was minimally acceptable, as the means were uniformly lower in this condition (Reliability: $M_{\text{suspicion}} = 6.70, M_{\text{control}} = 6.75$). Specifically, it seems that the minimal level of consensus had already lowered perceptions of trustworthiness and purchase intentions to a level where generalized suspicion had little additional effect. Nonetheless, higher levels of consensus were ineffective in reducing the negative effects of suspicion, contrary to H8a–c.

Hypothesis 9 predicted that brand familiarity should attenuate the negative effects of suspicion. However, the Brand Familiarity × Suspicion interaction was not significant for any of the measures ($ps > .09$). Therefore, H9a–c was not supported. Brand familiarity alone was incapable of combating the negative effects of suspicion on consumer perceptions.

Hypothesis 10 predicted a three-way interaction wherein the combination of a familiar brand and high consensus should be particularly effective in buffering the negative effects of generalized suspicion. ANOVAs showed that the brand familiarity × consensus × suspicion interaction was significant for the benevolence (H10b) [$F_{2(2,261)} = 3.82, p < .03$] dimension of trust and purchase intentions (H10c) [$F_{2(2,261)} = 3.37, p < .04$], but not for perceptions of reliability (H10a) [$F_{2(2,261)} = 1.97, p > .15$]. The means are shown in Table 2. These findings support H10b and H10c, but not H10a.

Follow up ANOVAs computed within each level of brand familiarity illustrated that the main effect of suspicion was not
Table 2
Study 2: Results of hypotheses testing.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypothesis testing</th>
<th>Summary of results</th>
<th>Reliab.</th>
<th>Benev.</th>
<th>Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study 2</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>H7: Online sellers will receive lower evaluations on both the reliability (H7a) and benevolence (H7b) dimensions of trust and purchase intentions (H7c) will be lower when consumers have been previously deceived by another company.</td>
<td>H7a: Supported</td>
<td>Suspicion</td>
<td>7.07</td>
<td>6.49</td>
<td>7.40</td>
</tr>
<tr>
<td></td>
<td>H7b: Supported</td>
<td></td>
<td>7.95</td>
<td>7.22</td>
<td>8.61</td>
</tr>
<tr>
<td></td>
<td>H7c: Supported</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H8: Generalized suspicion will have negative effects when consensus is low but not when consensus is high for measures of reliability (H8a), benevolence (H8b) and purchase intentions (H8c).</td>
<td>H8a: Not Supported</td>
<td>Ideal</td>
<td>7.59</td>
<td>6.95</td>
<td>8.21</td>
</tr>
<tr>
<td></td>
<td>H8b: Not Supported</td>
<td>Control</td>
<td>8.91</td>
<td>7.84</td>
<td>9.60</td>
</tr>
<tr>
<td></td>
<td>H8c: Not Supported</td>
<td></td>
<td>6.92</td>
<td>6.15</td>
<td>7.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Typical</td>
<td>8.19</td>
<td>7.61</td>
<td>8.82</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimally acceptable</td>
<td>6.70</td>
<td>6.36</td>
<td>6.99</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Control</td>
<td>6.75</td>
<td>6.21</td>
<td>7.40</td>
</tr>
<tr>
<td>H9: Generalized suspicion will have negative effects for familiar brands but not for unfamiliar brands on measures of reliability (H9a), benevolence (H9b) and purchase intentions (H9c).</td>
<td>H9a: Not Supported</td>
<td>Familiar</td>
<td>7.90</td>
<td>7.17</td>
<td>8.08</td>
</tr>
<tr>
<td></td>
<td>H9b: Not Supported</td>
<td>Control</td>
<td>8.40</td>
<td>7.53</td>
<td>8.88</td>
</tr>
<tr>
<td></td>
<td>H9c: Not Supported</td>
<td>Unfamiliar</td>
<td>6.25</td>
<td>5.80</td>
<td>6.72</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Control</td>
<td>7.50</td>
<td>6.90</td>
<td>8.33</td>
</tr>
<tr>
<td>H10: A three-way interaction is predicted where the combination of a familiar brand and high consensus is expected to be particularly effective in attenuating the negative effects of generalized suspicion on reliability (H10a), benevolence (H10b), and purchase intentions (H10c).</td>
<td>H10a: Not Supported</td>
<td>Ideal</td>
<td>8.51</td>
<td>7.91</td>
<td>8.88</td>
</tr>
<tr>
<td></td>
<td>H10b: Supported</td>
<td>Familiar</td>
<td>9.01</td>
<td>7.88</td>
<td>9.52</td>
</tr>
<tr>
<td></td>
<td>H10c: Supported</td>
<td>Unfamiliar</td>
<td>6.67</td>
<td>5.98</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Control</td>
<td>8.81</td>
<td>7.79</td>
<td>9.68</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Typical</td>
<td>7.34</td>
<td>6.48</td>
<td>7.24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimally acceptable</td>
<td>7.49</td>
<td>6.76</td>
<td>8.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Control</td>
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<td>6.26</td>
<td>7.61</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unfamiliar</td>
<td>5.56</td>
<td>5.60</td>
<td>5.85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Control</td>
<td>6.20</td>
<td>6.15</td>
<td>7.20</td>
</tr>
</tbody>
</table>

*Note*. Reliab: reliability dimension of trust; Benev.: benevolent intentions dimension of trust; Intent: purchase intentions.
qualified by consensus for the unfamiliar brands \(F_{8(2,134)} = 1.21\) and \(0.46, ps > .30\), for benevolence and purchase intentions), but a Suspicion \(\times\) Consensus interaction was present for familiar brands \(F_{8(2,126)} = 6.97\) and 7.32, \(ps < .01\), partial \(\eta^2 = 0.10\) and 0.11, for benevolence and purchase intentions). As predicted, the combination of a familiar brand and ideal consensus fully attenuated the effects of suspicion on all the dependent variables \((ps > .11)\), whereas suspicion still had a significant effect on a familiar brand with a typical consensus level \((ps < .01)\). Suspicion also failed to have a significant effect on familiar brands with minimally acceptable consensus \((ps > .05)\). Overall, these additional analyses generally support H10b and H10c; suspicion had consistent negative effects on the unfamiliar brand regardless of the consensus, but the combination of a familiar brand and high consensus was effective in reducing the impact of generalized suspicion.

The extent to which trust served as a mediating factor for the effect of the manipulations on purchase intentions was also tested. Consistent with the mediation hypothesis (H6), the effects of consensus, brand familiarity, and their interactions were similar for the three dependent variables. In order to complete the mediation testing, we followed the procedure used in Study 1 (Baron and Kenny 1986). Specifically, ANCOVAs showed that both reliability \([F_{1(2,61)} = 264.00, p < .001, partial \eta^2 = .52]\) and benevolence covariates \([F_{1(2,61)} = 127.14, p < .001, partial \eta^2 = .34]\) were significant predictors of purchase intentions and their effects reduced the main and interaction effects of suspicion, brand familiarity, and consensus information on purchase intentions. Taken together, these findings suggest that trust mediates the effects of suspicion, brand familiarity, and consensus on purchase intentions.

**Discussion**

The second experiment replicated the main effects of brand familiarity and consensus information on trust and purchase intentions. Additional findings showed that neither high consensus nor a familiar brand alone was effective in buffering against generalized suspicion (H8 and H9 were not supported). These findings underscore the persistence of generalized suspicion in that even specific, diagnostic information provided by a familiar brand or high consensus information in isolation was insufficient to protect online firms against generalized suspicion generated by second-party marketers. These findings identify important limits for the broad effects of brand and consensus that were observed in Study 1. However, the three-way interaction indicated that the combination of a familiar brand and high consensus information was more effective in countering suspicion. Overall, it seemed that multiple trust cues are necessary to buffer against generalized suspicion.

**General discussion**

The primary objective of this research was to examine the individual and combined effects of consensus information, physical store presence, and brand familiarity on trustworthiness and purchase intentions online. This paper answers a call for research related to the joint effects of retailer reputation (e.g., brand familiarity) and other information cues (e.g., consensus information, physical presence) on perceptions of retailers (Grewal, Levy, and Lehmann 2004; Puccinelli et al. 2009). Study 1 found that consensus and brand familiarity had additive benefits while the effects of brand familiarity and physical presence were largely redundant with each other. In addition, consensus information had significant benefits for both hybrids andetailers (especially the latter), whereas the effects of physical presence were limited to firms where consensus information indicated less than adequate performance. These results indicate that consensus information had the broadest effects on trustworthiness and purchase intentions, whereas brand familiarity and physical presence were more limited in scope.

Study 2 re-examined brand familiarity and consensus information in a context wherein consumers were initially suspicious. As expected, generalized suspicion led to a reduction in both the benevolence and reliability of a retailer and thereby undermined purchase intentions concerning a different product sold by an unrelated firm. Further, while neither brand familiarity nor positive consensus information alone was sufficient to buffer online retailers against generalized suspicion, the combined effect of these trust cues was more effective in this respect. Finally, both experiments showed that trustworthiness was the mechanism by which brand, consensus, and physical presence influenced purchase intentions.

Above all, our studies add to the existing literature by showing that consensus information had broad effects on consumer judgments made online. Favorable consensus information led to increased trustworthiness perceptions and purchase intentions, regardless of whether the brand was familiar or unfamiliar, and for both retailers and hybrids. Given the availability of consensus information on the web, our findings highlight the importance of maintaining and promoting high consensus scores. This is a key point, given that examination of current satisfaction ratings at epinions.com and yelp.com suggests that many well-known brands have relatively modest consensus scores compared to some of the lesser-known retailers.

The impact of physical location suggests that trust associated with brick and mortar retailers can indeed be assigned (via inference) to a hybrid retailer. Specifically, physical presence stimulates trustworthiness of unknown retailers, but the benefits of physical retail presence were redundant as compared to those offered by brand familiarity and high consensus scores. This limitation implies that a hybrid strategy is most useful for unknown sellers or those without a track record of satisfying customers. This finding is consistent with work suggesting that category-based inferences are most common for unfamiliar entities (McKnight, Cummings, and Chervany 1998).

Our findings also replicate previous studies that suggest brand familiarity is important in conveying trustworthiness with consumers and increasing purchase intentions. However, surprisingly, the scope of the effects observed here was limited to eetailers. Although both consensus information (Darke et al. 1998) and brand familiarity (Hoeffler and Keller 2003) have broad effects on trustworthiness, the findings show that only consensus information influenced trustworthiness across a broad set of situations. This seems to indicate that consumers were par-
ticularly interested in social sources of trust. In contrast, brand recognition and physical presence are non-social or informational in nature and these cues had more limited effects on perceptions of trustworthiness. The observation that social information is particularly useful in establishing the trustworthiness of online firms is consistent with the “deeply social nature of trust” suggested by some theorists (Cohen and Prusk 2001, p. 50), as well as suggestions that social cues can have powerful effects on judgment (e.g., Cialdini 1993).

Finally, our findings have implications for research on consumer suspicion. First, we show that generalized suspicion undermines both the reliability and benevolence dimensions of trust. Prior research has been unclear about exactly what dimensions of trust are influenced by such suspicions. Most importantly, we show that providing a combination of broad trust cues is one means by which the negative effects of generalized suspicion can be overcome. This is noteworthy because previous research has shown such suspicions are difficult to counteract. Indeed, our own research suggests that in isolation neither consensus information nor brand familiarity alone is sufficient to counteract generalized suspicions.

Managerial implications

Consumers at all levels of online experience are cautious when making purchases on the Internet (Penn, Doyle, and Sage 2005; Schlosser, White, and Lloyd 2006), thus increasing the need for retailers to develop trust with their consumers. Our research suggests that management of brand familiarity, physical presence, and consensus information all accomplish this goal, but with varying degrees of success. In the next section, we detail the implications associated with each of these trust cues.

Managing the effects of brand

A major challenge faced by all retailers is the development of a consistent and differentiating brand image. Prior research demonstrates that in the presence of a strong brand, traditional, website-based trust cues like privacy and security polices and improved navigation have limited impact on trust development (Bart et al. 2005). These results underscore the need for managers to re-focus their attention on bolstering brand image. One emerging technique that can be used to calibrate consumer reactions to a virtual brand is lexical semantic text analysis, which can be used to determine online brand positions and to understand online brand association structures (Aggarwal, Vaidyanathan, and Venkatesh 2009).

In addition to improving the general brand image, managers must also recognize that even the best intended and executed branding efforts are not immune to the effects of generalized suspicion, unless they also communicate trustworthiness via additional cues. Further, well-known brands are not impervious to competition from relatively unknown firms, as firms with less familiar brands may increase purchase intentions by highlighting positive consensus information or by noting the presence of physical channels. As a result, virtual retailers must ensure that they develop a solid brand image and online reputation in an effort to combat the competitive advantage that brick and mortar retailers tend to have as a result of their physical presence.

The impact of a physical presence

Much like branding, conveying trustworthiness is critical for bothetailers and hybrid firms. Prior research suggests that 71% of online consumers search for evidence of a physical storefront prior to making online purchases (2009), and our results confirm the benefits of offering both online and offline retail outlets. It is therefore essential that managers create synergies between online and offline operations. Hybrid firms that do not yet have an established online service record should ensure that information communicating the firm’s physical locations is in obvious view for website visitors. This may not explicitly demonstrate the firm’s ability to deliver on its promises, but such information gives consumers an indication that the firm is trustworthy. Foretailers, managers should strive to offset the effects of offline locations by executing branding efforts and leveraging the power of consensus information.

The (dominant) effects of consensus

Consensus information and other sources of consumer generated content represent an emerging trend in retailing operations, and our research provides an initial investigation of how this information can impact consumer decision making in the presence of other trust cues. Our results confirm contentions in the popular press that a firm’s success may very well fluctuate with its consensus ratings. As a result, firms should attempt to manage such information to the greatest extent possible. Consistently providing high quality products and services is necessary, but not sufficient, to maintain high consensus scores, as online shoppers are known to be reluctant to share such opinions (Forrester 2008). Specifically, the success of feedback systems requires effort on the part of the customer.

Managers must therefore motivate satisfied customers to participate in the feedback process, given that dissatisfied customers are more likely to voice their opinions than satisfied consumers (Ward and Ostrom 2006). Thus, consensus information may be negatively skewed if companies neglect to induce customers to leave feedback. Inducement could be accomplished by educating customers regarding availability of third-party feedback sites, reducing obstacles to accessing the sites, and offering incentives in exchange for feedback. Moreover, online services such as Review-script.com, Bazaarvoice, and PowerReviews/Buzzillions are now available to retailers interested in displaying consensus information on their own websites. These approaches, combined with other strategies aimed at recovery from disappointing purchase experiences, provide an opportunity to avoid lower consensus scores. Proactively managing consensus information is not only critical for online operations, but also for some smaller retailers, as it may serve as a primary engine for driving offline business. Specifically, some small-scale service providers report that up to 80% of their new online business stems from customers reviewing online reviews and contacting the firms (Graham 2008). Ultimately, the results of our research demonstrate that consensus information can dom-
minate consumers’ evaluation process, even in the presence of other, more established cues.

Limitations and future directions

Like all scholarly research, there are several limitations with our studies. First, both studies examined effects for only one product category. Thus, our results offer no insights into determining whether or not physical store presence is of greater importance for search products than for experience products, which have fewer readily observable features prior to trial (Klein 1998; Nelson 1970). Future research should compare the physical store presence effect across products with search-dominant versus experience-dominant attributes. A similar effort exploring consensus information across product types would also be warranted, given that aggregated reports of the experience of a firm’s past customers serves as a surrogate source of experience-based information.

Second, this paper was focused on examining the effects of consensus information across contextual factors such as varying levels of brand familiarity and retailer types (Internet-only vs. hybrid firms). Thus, many other determinants of trustworthiness and their potential interactions with the above factors were left for future research. It would be interesting to extend online trust research by studying the relative and potentially additive effects of consensus information, physical store presence, brand familiarity, and other trust cues such as price disclosure, real-time advice, and/or ease-of-navigation.

In addition, a direct comparison of third-party assurances to consensus ratings would be particularly interesting. Past research efforts have found that third-party assurance effects become severely attenuated when brand factors are included in the research model (Bart et al. 2005; Hu and Wu 2008), yet this was not the case for the effects of consensus information in the present research. Overall, the literature suggests that the need for third-party assurances/seals arises primarily from a lack of objective reputation-related information (Cook and Luo 2003); however, the existence of research empirically testing such assumptions is not yet available. Moreover, the relative effects of physical presence, consensus information, and branding discussed in this research are contingent on the specific manipulations used in these two studies. Additional research in a field context is needed to confirm the relative importance of these trust drivers.

Finally, this study investigated the role of consensus information on trustworthiness beliefs at the firm level. Future studies could offer additional insight by investigating the influence of domain-specific consensus ratings that evaluate firm performance with respect to specific dimensions, such as product quality, billing, shipping, and customer service.

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