

**CONSUMER TRUST IN ELECTRONIC CHANNELS:
THE IMPACT OF ELECTRONIC COMMERCE ASSURANCE ON CONSUMERS'
PURCHASING LIKELIHOOD AND RISK PERCEPTIONS**

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Abstract

The objective of this study is to assess the impact of third-party-provided electronic commerce assurance on consumers' likelihood to purchase products and services online and their concerns about privacy and transaction integrity. Study hypotheses are based on marketing theory concerning the role of trust (e.g. Morgan and Hunt, 1994) and risk (e.g. Murray, 1991 and Roselius, 1971) in consumer decision making. The impact of various product and vendor risk levels on consumer responses is also tested. 1,109 subjects participated in a 2 (high and low product risk) by 2 (high and low vendor risk) by 3 (third-party assurance, self-proclaimed assurance, no assurance) computerized online experiment. As hypothesized, third-party assurance significantly increased purchasing likelihood and reduced consumers' concerns about privacy and transaction integrity. However, interestingly, no significant differences could be detected between different third-party assurance providers. As expected, product risk and vendor risk had negative effects on purchasing likelihood, and vendor risk had a positive impact on concerns. Also, a significant but weak interaction term was found in the sense that third-party assurance had slightly more impact on purchasing likelihood when the vendor risk condition was high. Theoretical predictions were supported. Research findings offer some theoretical insight into the decision making of online consumers and suggest management implications for online vendors and third-party EC assurance providers such as accountants or consumer unions.