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Consumers’ issues and concerns of perceived risk of information security in online framework. The marketing strategies

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Abstract

Internet (web) transactions are subject to numerous information security threats. Consumers’ trust is fundamental in web transactions and is influenced by perceived information security. The primary factor/reason causing consumers lack on e-business is perceived security risks associated with online transactions. There is a certain relationship between electronic security concerns and customer online shopping attitudes and behavior. Customer security in e-business environment is an on going research issue especially in current electronic marketing field. A marketing strategy can strengthen of reduce the security of an information security company. The purpose of this paper is to try to identify, illustrate and analyze the current and future directions in consumer issues and concerns of perceived risk of information security. Also to illustrate the current status of security issues and concerns for online buying shopping attitudes and behavior.

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1. Introduction

Current rapid technological achievements and developments that are observed especially in the last decade have substantially made Internet market to be used by everyone. A plethora of products’ and services’ purchases are now operated online through websites and internet applications, contributing to the extent of e-business a one of the most essential commercial tool. But that does entail that all consumers are participating in online transactions as part of the Internet boom. Online shopping is the process where consumers purchase products or services simply by using the Internet. The act of shopping through the Internet raises questions about consumers/customer prothesis to shop online. Although the Internet has great potential for consumer value, there seems to be a discrepancy between the number of consumers who visit a website and the number of actual purchases being made (Ab Hamid, 2008) (Chuleeporn & Corpus, 2006). Furthermore, e-business and in parallel intention to shop online is still problematic due to lack of trust and perceived security risk of online transactions. Because buyers are capable to have physical, tangible proof of the goods in advance, they always perceive a greater risk than shopping brick-and-mortar (Sheng & Liu, 2009). The issue then is how to effectively and efficiently induce a sufficient level of initial online trust so that successful transactions can be fulfilled and the e-market to stay competitive (Wu et al., 2010). Thus, marketers effort need to be concentrated to the design of web sites in such a way that they can communicate with their consumers effectively, efficiently and it most of all secure (Mann & Sahni, 2011). Websites according to (Flanagin

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& Metzger, 2007) can “be conceptualized as information repositories that represent organizational or individual sources, while also reflecting the characteristics of those sources through design features of the sites themselves”. Websites must relate to characteristics as confidentiality, integrity, availability (CIA model) of information, non-repudiation of communication and protection of personal privacy.

2. Overview of current state

In the classic, traditional shopping context, consumers were passive recipients of marketing information (Schrank & Dubinsky, 2004). With the utilisation of advanced Information and Communication Technologies (ICT) consumers are now active users, co-producers of information and firms are collecting more customer information than ever before (Malhotra & Malhotra, 2011). As Internet usage is increasing and online shopping accordingly, marketers need to study and understand how the transformation in the online retailing environment relates to dissatisfaction and distrust especially in those countries whose marketing infrastructures are well developed (Limbu et al., 2011) (Chuleeporn & Corpus, 2006). Online marketing transactions necessitate online customer trust in order for customers to place an order online and even submit his or her financial information and other personal data in undertaking other financial transactions (Yazdanifard et al., 2011). Consumers should have an understanding of online security and privacy risks.

Consumers always perceive a certain degree of risk when they are engaged in buying situation. Risk that a consumer will experience according to (Jahankhani, 2009) is a function of two variables: the amount at stake (consequences) and the individuals feeling of subjective certainty of success or failure. (Chang, 2010) mention that the degree of risk is based on two variables, “consumer purchasing decisions regarding the desired results” and “degree of uncertainty”.

In the electronic environment we are concerned with subjective (perceived) risk and not “real world” (objective) risk (Vincent-Wayne, 1999). Consumers perceived risk increases with uncertainty and magnify by the associated negative consequences. In order for consumers to decrease perceived risks, they use several strategies, such as brand loyalty, store image or word-of-mouth, either to confirm their buying decision or reduce the uncertainty they feel about the decision (Schrank & Dubinsky, 2004). Perceived risk can prevent customers from purchasing from an online retailer (Yazdanifard, 2011). Perceived risk is defined as “assessment of uncertainties or lack of knowledge about the distribution of potential outcomes and the uncontrollability of outcome attainment” (Ab Hamid, 2008). Bauer (1967) were the first to introduce the concept of perceived risk to the marketing literature and represented consumer purchase action as a risk-taking behavior.

Online trust is “the extent to which a person perceives the credibility and benevolence of the other party with which he or she first interacts in an online environment” (Wu et al., 2010). Trust is considered to have a positive influence on customers’ perceptions and leads to consumer engagement in internet shopping (Yazdanifard, 2011). Initiating, building, and maintaining trust between buyers and sellers is a key facilitator for successful e-business regarding trust definitions perspectives (i. context characteristics, ii. trustor properties and iii. characteristics of the trusted object) (Grabner-Krauter et al., 2006). (Zhou, 2011) identified four factors that affect online initial trust. The first is associated with website characteristics (information quality and website quality). The second concerns consumer characteristics (trust propensity and moderation effect on initial trust. The third category is connected with online vendors (reputation as a trust signal, company size, willingness to customize and brand image). The last is associated with third parties (trust seals, brand association and structural assurances). Trust of an online service is not merely based on objective assessments, but that it can arise from up to five different sources: users’ inherent personality, knowledge based on users’ prior experiences, institutional assurances from providers, calculative assurances from providers, and cognitive assurances from third parties (Soumya et al., 2011). The above five sources reflect both the predispositions of users and the assurances of providers. Literature shows that researchers have different views about how trust and perceived risk are related. Figure 1 summarizes the four types of relations identified by researchers (Lim, 2003).
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