



## Article Title

The effect of perceived trust on electronic commerce: Shopping online for tourism products and services in South Korea

## Citation

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## Abstract

According to the OECD's 2008 statistics ([Seoul Finance Internet News, 2009](#)), Korea was ranked number one in terms of the percentage of homes with Internet access, at 80.6% of the total population. The survey also reported that two-thirds of Koreans with access to the Internet at home are online shoppers. Many tourism companies now actively use Internet sites as a key marketing and sales vehicle for their products and services. To be successful, tourism e-commerce services must be trustworthy.

This study aims to examine which factors influence trust, satisfaction, and loyalty. We employed a structural equation modeling approach to investigate the relationships among exogenous variables (navigation functionality, perceived security, and transaction cost) and mediating variables (trust and satisfaction), with loyalty as a dependent variable. To this end, a total of 340 questionnaires were collected from online panel respondents by an Internet research firm.

## Methods

The quota sampling method was employed in our study. A quota sampling method using official census data from the [Korean Statistical Information Service \(2009\)](#) was employed to calculate the appropriate numbers of Korean respondents in each age and gender category.

## Results

The results of our study indicate that navigation functionality and perceived security had a significantly positive effect on trust. However, we found that transaction cost had no effect on trust. Satisfaction was found to positively impact trust—which, in turn, influenced customer loyalty. Our findings imply that customer satisfaction influences trust, which plays a key role as an antecedent of customer loyalty in online shopping for tourism products and services.

## Conclusion

Furthermore, research has been very limited regarding the perceived trust encountered by experienced online shoppers for tourism products and services. In this respect, this study aims to examine which factors influence trust and whether trust and satisfaction have an effect on loyalty.

As this study sheds light on identifying the antecedents of trust which also influences on loyalty, our study may contribute to the theoretical framework for customer trust in the context of online shopping for tourism products and services. The results of this study offer practical implications for marketing managers and practitioners who prepare strategic plans and implement tools to improve the productivity or performance of tourism online shopping through B2C e-commerce. For example, our findings indicate that trust is a predictor of loyalty, which influences a purchasing intention in the case of online shopping. Thus, managers who run tourism e-commerce sites should pay attention to improve customers' level of trust, and marketers of such sites should pay attention to customer satisfaction, which is a mediator of trust. We also note that satisfaction is related to loyalty as a result of navigation functionality, perceived security, and transaction cost. Many consumers still tend to be reluctant to purchase tourism products and services online, especially the high-priced or luxury invisible tourism products and services since they are likely to be less trustful of e-commerce. Thus, tourism marketers may need to place a high priority on improving the level of customers' trust on online environments. To improve the level of customers' trust, tourism managers may need to provide clients' community site so that customers could exchange their experiences and get useful information on tourism products and services before they make actual purchases. Another important implication for tourism marketers is related to the role of perceived security. From our findings, protection for payments, privacy, and personal information appear to be the most important determinant of trust. Therefore, managers of tourism online companies should pay careful attention to creating a safe environment to protect their clients in terms of perceived security. The final important implication for tourism marketers is related to the role of transaction cost. We found a highly significant and positive relation with satisfaction, but no significant effect on trust. However, we found a significant positive indirect effect between transaction cost and trust. Therefore, in order to enhance customers' trust in tourism products and services online, the tourism marketer should improve the customer's satisfaction through low transaction costs.