

Analysis Implications of General Trust Model on Consumers' Trust in CBEC Sellers

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Abstract: The rapid development of cross-border e-commerce (CBEC) has been well known in China, but the issue of trust in the trade process has become one of the dominant concerns with the increase in transaction volume, which has then turned out to be a crucial bottleneck that hinders CBEC's further development. In order to investigate how to increase the trust of consumers to CBEC sellers, the general trust model has been used to analyze the internal and external factors in CBEC transactions, and finds out that the trust problems mainly exist in terms of commodity information, quality and logistics. Finally, it is proposed that the promotion of CBEC sellers' trust in consumers should begin with the formulation of national policies and the choice of platforms and logistics for CBEC sellers.

1. Introduction

Cross-border e-commerce (CBEC) refers to the transaction entities (enterprises or individuals) belongs to different customs, through the e-commerce platform to complete transactions, use online payment methods, and cross-border logistics to deliver goods to consumers. Because the two sides of the transaction belong to different customs, CBEC has wide audience, long trading distance, long trading time, and inaccessible goods in real time. According to a report issued by the China Electronic Commerce Research Center, the transaction volume of CBEC in China has reached 9 trillion yuan in 2018, compared with 3.75 trillion, which is called the first year of CBEC in China. It has increased by 140%, accounting for more than 40% of the global market share. These data show that China is in a leading position in the CBEC field. The success of CBEC in China is inseparable from the trust between consumers and merchants. Therefore, this paper studies the trust between buyers and sellers in CBEC. In order to provide advice on how sellers can obtain buyer trust in CBEC trade.

In economic activities, trust has always been a very important issue for both sides of the trade. The definition of trust and the credibility of individuals are different because of the different growth experiences, the humanistic environment, and the education they receive. After a long period of research, more and more researchers have recognized the importance of trust in economic trade [1,2], and affirmed its important role in international trade[3,4]. Some researchers have shown that the increase or decrease of trade volume is affected by the differences in cultural systems between trade entities, and the most obvious manifestation of the differences between these cultural systems is the mutual trust between the two parties [5,6].

CBEC has become an increasingly popular form of international trade in recent years, and has been accepted by more and more enterprises. In China, especially small and medium-sized enterprises, they can sale more products by CBEC, and it led to its step-by-step share of the traditional international trade market because of China's strong support for CBEC. According to the data released by the National Bureau of Statistics of China, the Ministry of Commerce, and the General Administration of Customs, the total amount of CBEC development in China has increased year by year. As can be seen from Table 1, the scale of CBEC transactions in China has increased in 2010. The proportion of total export trade accounted for 5.94%, while in 2015 it increased to 19.5%, and the growth rate of CBEC has maintained a high growth rate of more than 25%. In the 2018

China E-Commerce Report, it is pointed out that the average annual growth rate of CBEC trade of China Customs in the past three years is above 50%.

Table 1 China's Import And Export Trade Volume and Cbec Transaction Scale
2010-2015(Billion).

TIME	Total transactions of CBEC	Growth rate of CBEC
2010	171	33.3%
2011	228	33.3%
2012	286	25%
2013	386	35%
2014	536	38.9%
2015	686	28%

With the continuous expansion of CBEC, the characteristics of consumers are becoming more and more decentralized. At the same time, due to the increasing number of countries involved in CBEC, there are more trade links than traditional trade models and more complex, so the issue of trade integrity in CBEC is increasingly concerned by consumers, service providers, CBEC platforms, government departments and other parties.

2. General trust model of CBEC

This paper analyzes the influencing factors of CBEC trust by the general trust model. The model divides the main factors affecting mutual trust between traders in the trade process into two broad categories: internal factors and external factors. Internal factors include: potential benefits, risks and attitudes toward risk[7]. External factors include: others and control mechanisms, each of which contains both a subjective source of trust and an objective source of trust.

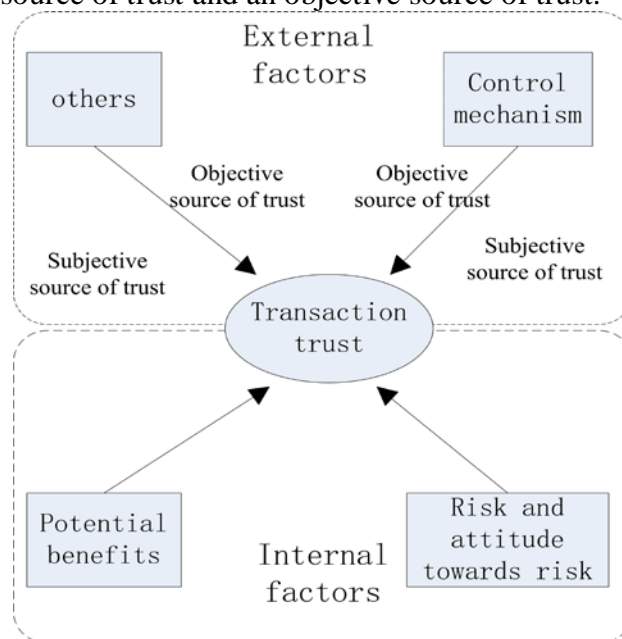


Figure 1 General Trust Model

2.1 Internal factors

2.1.1 Potential benefits

The potential benefits that can be obtained refer to the benefits of non-trade content that the trade partners can obtain in the course of trade. In the process of trade, consumers and providers of services or products are not only exchanges of goods and money, but may have some hidden content that is beneficial to both parties to the trade, such as: consumers find a supplier that meets its expectations; suppliers can gain a larger customer base and gain a larger market share. In the process of CBEC trade, whether or not it is possible to obtain additional content in line with its own

interests is completely judged by the trade parties according to their actual conditions, and other factors are difficult to influence.

2.1.2 Risk and attitude towards risk

In cross-border e-commerce trade, risk refers to whether the two parties can obtain products or money corresponding to the trade content. In the process of economic trade, risks have always been accompanied, and CBEC has increased the risk of trade process due to long trade distances and various differences between trade objects. Risk attitude refers to the attitudes that individuals express in the face of risk. They are generally divided into three types: averse, neutrality and preferred. Risk-averse individuals tend to evade risk, and individuals of this type often hesitate or refuse to participate in the face of CBEC consumption or sales. Risk-neutral individuals do not actively pursue or evade risk. This type of individual will only consider whether the trade content meets its own expectations when conducting CBEC trade, and will not consider the risks brought by the trade process. Risk-preferred individuals will actively pursue risks. They are usually willing to believe that the greater the risk, the greater the gains. Therefore, they face a positive attitude toward CBEC. The impact on internal factors usually comes from the judge itself. Other reasons are often difficult to change. Therefore, when considering how to improve the trust of CBEC, this aspect should be in a secondary position.

2.2 External factors

For transactional trust of CBEC, the external factors arising from its trade trust are mainly derived from the trust of trade-related control mechanisms and the trust of participants who have already conducted the trade.

2.2.1 Control mechanism

In general, the source of the control mechanism is fixed and official. From the trust of the source, the two parties will choose to trust the control mechanism.

(1) Objective source of trust

Because cross-border trade involves the characteristics of different countries and regions, how the international reputation of a country or region affects the degree of trust between the two sides. Safe and stable countries and regions with good reputation in the world can enhance mutual trust between the two sides of CBEC trade. An important factor in judging whether a country or region is trustworthy is the local political environment is stable, the legal system is sound, and the penalty is fair when there is a problem with cross-border trade. These factors affecting judgment together constitute a protection mechanism for trade participants, which also forms an objective source of trust between the two sides of the trade process.

(2) Subjective source of trust

The subjective source of trust in the control mechanism mainly includes three aspects: 1. Personal experience. In the process of CBEC trade, some control mechanisms have played their due role, and the results of running the control mechanism are in line with the expectations of the traders, then the trader will increase trust in the control mechanism. 2. An understanding of the control mechanism. Control mechanisms can be used to constrain trade partners and reduce risks in trade. Participants in CBEC trade will take the initiative to understand trade-related control mechanisms for their own interests, for a good control mechanism. The deeper the understanding of trade participants, the deeper the trust in the control mechanism. 3. Group effect. As a group of animals, people are more or less affected by the group. When the rest of the individuals in a circle are protected by a certain control mechanism, then the control mechanism will be based on the understanding of the individuals in the circle. It is considered to be effective and can protect the interests of the trade party.

2.2.2 Others

Others refer to people or companies participate in the trade process or have experienced the trade in addition to the sellers and buyers of the trade during the CBEC trade.

(1) Objective source of trust

The source of objective trust among other participants in the trade process generally refers to those companies or personnel that are officially endorsed by highly credible organizations or institutions, for example, in the domestic e-commerce platform, Taobao as the largest e-commerce platform in China, it has efficient and fair problem-solving rules for consumers. In recent years, Taobao has become more and more rigorous to sellers selling defective goods. Its handling of problematic transactions can be recognized by most consumers. Taobao's certification mechanism for sellers can be a good consumer-to-seller. The reference of reputation, therefore, Taobao, this e-commerce platform can be trusted by most consumers, consumers will also have different degrees of trust in the sellers selling goods on it, and its CBEC platform has Taobao Endorsement, then companies that open stores on the platform can more easily get consumers' trust. Ebay, Amazon, etc. are well-known in foreign famous CBEC platforms. They are highly recognized by consumers in various countries. Compared with other small and medium-sized e-commerce platforms, companies can open stores on these websites. Easy to obtain the trust of consumers.

(2) Subjective source of trust

The subjective sources of trust included in other participants can also be divided into three areas: 1. Personal experience. Personal experience here refers to having an exchange or familiarity with other participants in CBEC. For example, if a buyer buys a product multiple times on a CBEC platform, and the transaction experience gives the buyer a positive impression of the platform, then the next time you purchase a new type of product, you are in the cross. Sellers of the e-commerce platform will be more likely to gain the buyer's trust. 2. Understanding of other participants. This refers to the buyer who conducts CBEC transactions, the operating mechanism of other participants in the transaction process, the safeguard measures, etc., or the buyer's own trust in the transaction, such as consumer property protection measures introduced by the platform and the implementation of these measures, such as buyers in CBEC trusting a certain understanding, then the buyer's recommended product supplier or CBEC The trust of the platform will increase. 3. Group effect. For the buyer, friends, relatives, etc. who are in the same living group are important sources of trust for a product or a company. When purchasing certain goods, the advice given by people in the same living group will affect the consumers. Purchase behavior[8].

3. The frauds in CBEC transactions

As a fast-growing new form of cross-border trade, CBEC has got strong support from the Chinese government in recent years. Many SMEs have joined CBEC. At the same time as the rapid growth of CBEC, the issue of supplier integrity has become more and more prominent. For our country, as CBEC has been paid more and more attention in recent years, many related policies are still in the transitional period, and a complete cross-border e-commerce policy system has not been established. In addition, the current credit information system of our country is still not fully connected, and relevant information cannot be fully and efficiently shared, so there will be many loopholes. It is not able to fully supervise the actual business status of each enterprise when conducting cross-border e-commerce transactions. For the buyer, since the cash is not used in the process of CBEC shopping, today's CBEC seller credit problems mainly exist in commodity display, product quality and logistics:

(1) Product information fraud. Commodity information falsification refers to the use of false information by suppliers when displaying products on consumers on a network platform (for example, a pillow claims to have 100% latex, but only 89% actually), or use false The pricing (for example, some merchants on Taobao will sell the original price of the goods, but they always use the discounted price to sell), so that consumers mistakenly believe that the goods are being promoted, etc., in order to mislead consumers' purchase decisions. Due to the long-distance characteristics of CBEC trade, it is difficult for consumers to closely observe the goods to be purchased, which gives the supplier room for fraudulent product information.

(2) Product quality. The problem of commodity quality has always been the focus of consumers in the trade process. China's 2017 Cross-border Commodity Quality and Safety Risk Test Report

pointed out that although the overall pass rate of cross-border goods is high, there are still some quality problems, such as harmful. The material is seriously over-standard, the goods are not right, and the defective products are sold. These quality problems will undermine the image of CBEC seller groups in the minds of consumers, and have a negative impact on consumers' desire to consume CBEC. This sale of goods with quality problems will not only affect the loyalty of the seller to the seller, but also adversely affect the sales of products of other merchants in the region where the CBEC seller is located. The short-term impact may not be so obvious, but in the long run, this kind of consumer trust will indeed seriously hinder the development of CBEC industry.

(3) Logistics. In the process of cross-border e-commerce transactions, logistics is an inevitable aspect that needs attention. The service conditions of logistics companies can directly affect the purchase experience of consumers, and a good logistics company can ensure that the products are protected in the whole transportation process; while a poor logistics company may have various problems when delivering goods, for example, irresponsibility leads to package damage, goods damage, loss, delivery error and other problems in the process of transportation. The emergence of these problems will reduce consumers' evaluation of cross-border e-commerce sellers, and then affect consumers' second purchase. Therefore, when choosing express service company, the seller needs to know clearly the service level of express company, and choose the most suitable express company, so as not to damage the seller's image in the consumer's mind due to logistics reasons.

4. Improve trust of CBEC

Combined with the general trust model, for CBEC sellers, to improve their credibility in the buyer's mind can mainly rely on external factors, while external factors are divided into control mechanisms and other participants.

For the control mechanism, the objective factors can be mainly from the formulation and implementation of government policies, and the regulations of the major e-commerce platforms on the transactions and services of buyers and sellers. For China, the heat of CBEC is gradually heating up, and the state's attention to this aspect is also constantly strengthening. On August 31, 2018, China's new Electronic Commerce Law was issued, marking the entry of China's e-commerce activities. The era that can be followed. However, the content specified in the E-commerce Law is mainly for e-commerce activities in China, and the relevant provisions on CBEC activities are not clear. For CBEC, the buyers and sellers do not belong to the same country. The difference in cognition of cross-border consumer transactions is a major obstacle to the formulation of CBEC related laws and regulations, in order to enhance the trust of foreign consumers in Chinese sellers. China should actively study the consumption of overseas consumers. After years of development, China's major e-commerce platforms have accumulated a lot of experience for various problems encountered in the transaction process between buyers and sellers. In most cases, the problem handling mechanism within the e-commerce platform can be solved very well. The problems encountered by buyers and sellers in the transaction, but CBEC is still developing rapidly. With the continuous expansion of the volume, the old policies and systems may not solve the emerging problems, so it is necessary to constantly Monitor the status of CBEC and update relevant laws, policies and regulations in a timely manner.

In the process of CBEC transactions, sellers want other participants to enhance the trust of buyers. By choosing some CBEC platforms with good social reputation, such as Taobao AliExpress, Amazon, Ebay, Wish, Lightinthebox, DHgate and so on. These platforms may be endorsed by a strong parent company, through the good image of the parent company on a global scale, so that consumers have a certain degree of trust in the platform for the check-in and supervision of CBEC sellers. Increase the consumer's trust in the sellers on the platform. However, the biggest effect of this trust is that it is easier for consumers to make the first purchase compared to some small e-commerce platforms, and the subsequent secondary purchases and whether The development of a larger customer base relies on the quality of the goods provided by the seller, and whether the sales information of the goods is fraudulent. Since previous buyer reviews and seller services have an

impact on consumer buying behavior[9], sellers should provide excellent products and services for each single transaction.

Logistics is an indispensable part of the CBEC transaction process. Research shows that the selection of express delivery companies is positively related to customer loyalty and secondary purchases[10]. Therefore, in the international express delivery, we must carefully select the logistics company. The choice of the logistics company is also the embodiment of the seller's strength and the importance attached to the consumers. A good logistics company can deliver the goods to the consumers in good condition, avoiding accidents in the logistics process. The problems that arise in the process lead to a bad shopping experience for consumers, which in turn affects the seller's evaluation in the minds of consumers.

5. Conclusion

China's cross-border e-commerce is rapidly developing under the policy dividend, and the increasing volume of CBEC trade has also caused more and more problems to emerge. The trust between trade partners can become a bottleneck, with the continuous expansion of the volume of trade, the issue of integrity has become more and more serious, and impact the development of CBEC. The main integrity issues that arise in cross-border e-commerce are related to commodity information, commodity quality, and logistics. In order to improve and find ways to solve these problems, direct and indirect participants in cross-border e-commerce trade should integrate and strengthen contacts. In the formulation and improvement of policies at the government level, it is necessary to adapt to the status of cross-border e-commerce development in a timely manner. In the relevant organizations and platforms, it is necessary to conduct strong supervision and evaluate the credit of merchants in the platform, and give consumers reliable business credit. For the merchants, the honest description of the goods is the most effective way to improve the credit level, so the merchant must ensure the authenticity of the various information of the products sold, and also choose the appropriate logistics service company to ensure that the goods are transported integrity and speed of delivery on the way.

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