Research of trust in virtual network relationships: the case of tourism sector

The paper examines the argument that trust is of great importance in driving virtual network business relationships among economic agents towards mutually satisfactory, fair, and ethical behaviours. An extensive analysis of scientific literature on trust in network relationships is presented. In addition, the article analyses data, originating from websites and social networks on the development of trust relations, in the context of virtual networking in tourism sector. The paper provides some evidence how new customers might use their perceptions of a website to form trust beliefs about the owner company after their first visit. The research explains how virtual network relationships among newcomers and partners form and maintain their trust beliefs about the companies they deal with in network relationships.

Keywords: trust, network, network relationships, booking Web sites, feedback system.

Introduction

Interpersonal trust has received much attention in the context of organizational relations (Burt, 2005). Functioning as a “lubricant” for any relationships, trust can substitute more expensive monitoring or controlling devices (Barrera, Van de Bunt, 2009).

As business relationships evolve toward networks structures in cyberspace with more and more fluid boundaries, trust is essential in relationships among trading partners exchanging any valuable resources. Trust can foster greater cooperation (Coleman, 1990) and richer information exchange (Uzzi, 1996) that wouldn’t otherwise occur.

There is little agreement on how trust arises and where disappears as we know better why trust is so important than what trust is indeed. Scholars agree that trust plays a central role in network theorizing, explains its benefits, but the problem is that
the ways to develop trust beliefs among trading parties have been seldom directly examined. It is even more important to examine the virtual network’s context for trust development, as trust is a key factor of success in cyberspace, because it can reduce uncertainty in transactions and relationships (Sonja, 2002). To bridge this gap, the paper suggests means for developing trust in virtual network relationships.

Thus, the object of the paper is trust in business network relationships.

The aim of the paper is to propose solutions how to develop trust in business network relationships after examining evidences of the case in tourism sector.

First, a review and analysis of scientific literature on developing trust in network relationships is presented. Thereafter, the performed qualitative research on the collected data and a content analysis of the data based on the case in tourism sector is rendered seeking to determine the conditions, circumstances, and recommendations of trust developing in business network relationships.

Literature review on trust concept in virtual network relationships

Trying to find out how trust should be developed in business network relationships, it is worth to reveal the most common “building pieces” of trust that many definitions include (Castaldo, Premazzi, Zerbini, 2010): the nature of trust, the subjects involved in relational context, the form of actions behaving with the decision to trust, the consequences of trust, and the characteristics of relational context.

Therefore, most of definitions share the trustor’s (Ego), who’s decision is based on assessment of the trustworthiness of the person to be trusted (Alter) (Coleman, 1990). According to M. Granovetter, trust problems are said to occur in embedded settings (Barrera, Van de Bunt, 2009). In embedded settings, Ego possesses or can easily obtain information about Alter’s trustworthiness through third parties. In addition, if Ego is somehow related to Alter, directly or through the third parties, she or he has the possibility to reward Alter if she or he honours her/his trust, as well as to retaliate if he/she abuses her/his trust.

The development of a business relationship network depends on the content of relationship, which is being studied. Two types of embeddedness can be identified (Buskens, 2002, Barrera, Van de Bunt, 2009):

- Dyadic embeddedness refers to situations in which a relation between Ego and Alter pre-exists the specific trust problem or to situations in which Ego and Alter are likely to be facing each other again after the specific trust problem occurred.
- Network embeddedness refers to situations in which there exist third parties who are connected to both Ego and Alter by means of a relationship, allowing third parties to provide Ego with information about Alter, as well as to receive information about Alter from Ego.

Dyadic relations of trust, as a set of formal and informal contacts, creates networks of relations whose importance for organizational performance. Thus, network of informal relationships could affect the development of trust relations between parties (Burt, 2005). R. Burt (2005) claims that the third parties’ true trusting attitude toward Alter is never communi-
 According to M. Granovetter, trust problems are said to occur in embedded settings, where Ego possesses or can easily obtain information about Alter's trustworthiness through third parties. In addition, if Ego is involved in relational context, the form of actions behaving with the decision to trust, definition, and motives. This type of trust usually involves emotional investment and is more enduring and generalizable over situations than the cognition-based trust.

Fig. 1. Two types of embeddedness: a) dyadic and b) network
Recent research has shown that cognition- and affect-based trust can lead to different outcomes (Levin, Cross, 2004). Therefore, managers who make further distinctions between the types of trust could make predictions that are more precise.

Trust has been studied in various fields and contexts. However, the wave of research on trust embraces most management disciplines extending to economics as well as psychology. Trust is widely recognized as a strategic, relational asset for business organizations. It is paramount for product acceptance, a good working atmosphere, smooth relationships with local government, investment criteria, and so on (Castaldo, Premazzi, Zerbini, 2010). R. Audi (2008) states that without trust, business, as we know, is impossible.

Trust is even more crucial when addressing ethical issues in business, because it provides the cultural basis and the "glue" that promote ethical behaviour, and discourages deviation from ethical norms (Castaldo, Premazzi, Zerbini, 2010).

C. Gronroos (1990) proposed that relationship marketing means that enterprises develop, maintain, and improve their relationship with customers in order to reach their goals. If a company can provide services or products which meet customers’ demands, these customers will trust the company. Meanwhile, the basic set of website functionalities should be no longer considered as sufficient conditions to develop trust. Rather, the effects of factors that can eliminate consumer distrust deserve more attention.

In order to retain new comers on their first visit, or for new websites, the Internet agents must design their websites in a manner that matches consumers’ understanding how a typical website should look like. If such basic requirements are not met, consumers are likely to assume that the website does not function well. Thus, designers should be aware of the hygiene role of situational normality and information quality, deploying them as a prerequisite for other design factors (Ou, Sia, 2010). However, after maintaining the above hygiene attributes, more resources should be dedicated to customization, enjoyment design, and knowledge and skills provision.

Consumer feedback mechanisms and third-party recognition not always invoke perceptions of a safe environment or of additional value for consumers, because consumers can view these features as marketing tools by the company (Carol, Choon, 2009). However, once consumers gain surfing experience, they could place less emphasis on such external signals about the company, choosing instead to rely on their practical understanding (experience).

R. Kerr and R. Cohen (2007) have employed first-order logic to prove security for buyers in a reputation system based on a set of assumptions. While in traditional markets, the reputation was built over time for a known person or company, the contemporary virtual marketplaces offer dealing with complete strangers. Transactions tend to be one-shot (Fukuyama, 1995), so that the Internet markets are largely impersonal strangers’ networks. New customers’ perceptions of a Web site to form trust beliefs about the owner company after their first visit display low levels for virtual network merchants (Hampton-Sosa, Koufaris, 2005).

According to D. A. Aaker (1996), good companies’ images will be created, leading to consumers’ emotional dependency, particularly in the cyberspace. In
traditional business, reputation is subjectively built for known persons and companies as the deals are made in the course of time. As it is important to do business with trustful individuals and companies, there is a need to maintain the reputation concept in virtual markets (Castaldo, Premazzi, Zerbini, 2010; Kunz, Seshadri, 2015).

Internet markets elicit cooperation through feedback systems, which gather information about the past dealings of individual traders in the social network underlying the market, and then make this information available to all traders (Bolton, Loebbecke, Ockenfels, 2010). In doing so, the feedback systems aim to facilitate cooperation by inducing both trust and trustworthiness among traders. So achieving a high degree of trust and trustworthiness is a matter of what traders can manage to coordinate.

Nevertheless, there is a variety of possible reasons for the low trust on-line. The lack of face-to-face interaction, the virtual transactions in websites, and the fact that there is no physical store all make it difficult to establish customer trust (Boon, Pitt, Salehi-Sangari, 2015). New reports about stealing credit card numbers, hackers breaking into company databases, other privacy issues, ignorance of customer needs, etc., have also contributed to a decrease of customer trust on-line.

Method

This research is based on a qualitative research methodology. Qualitative analysis provided an interpretative survey of participants’ attitudes as they saw the phenomenon under related systems. Qualitative research helped to gather the in-depth understanding of human behaviour and the reasons that govern such behaviour, as it possible to investigate the why and how of decision making, but not just what, where, when, or who as it is inherent by the quantitative approach. Qualitative research was chosen in order to understand the phenomenon of trust developing in virtual networks of the tourism sector’s actors and the meanings that the participants of the survey gave to the investigated phenomenon.

Given these advantages of qualitative research, a case study as an intensive study of a specific individual or specific was chosen. The purpose of a case study is to describe a particular case in details in order to learn from it and develop practical and theoretical implications.

Secondary qualitative data (that, according to N. Fielding (2004), was collected by someone else for another primary purpose) analysis was chosen as it can help to reconstruct events and give information about social relationships. There were also analysed non-traditional documents (data from internet sites) gathered in the case. They are part of the natural situation, and can tell the researcher a great deal about behaviour, culture and perspectives (Fielding, 2004).

A content analysis method was used for interpretation of data so that to investigate information originating from websites and social networks on the development of trust relations in the context of virtual networking in the tourism sector.

The research was organized as following:

- First, customers’ feedback from forums, where customers delivered their experience and opinion about the booking site’s services, were analysed;
• Then, customers’ feedback from the booking website’s feedback system, where customers delivered their experience and opinion about hotel services, were investigated;
• In addition, the website’s managers fragmentally joined the forums trying to justify their company’s position and actions in particular cases, so the arguments of counterparty were compared to the customers’ opinion;
• Finally, the offered services and “Terms and Conditions” in the booking website were reviewed.

Therefore, the research should not be estimated as the position of one party. The booking website information and managers’ position were compared to customers’ complains in order to balance the arguments of both parties.

The research questions that arose from the literature review in the case of booking websites are the following:
• Relationships among virtual network parties;
• The customers’ and other parties’ opinions as premises for trust development;
• The interface of rulings and practices for trust development;
• The impact of services’ advantages and shortcomings on trust development;
• The impact of opinion on critical incidents solving practices on trust development.

The data was collected till the saturation, i.e. the point in data collection when no new or relevant information emerges with respect to the reviewed theory, has been achieved.

**Trust developing analysis in virtual network relationships in tourism sector**

Network embeddedness refers to the analysed situation. Here, third parties (Tertius) are the virtual platform for other customers’ feedback on the booking website,

![Embeddedness in analysed network](Fig. 2)
which is connected to both the booking customer (Ego) and the booking website (Alter) by means of a virtual relationship, allowing third parties to provide customer with information about a website. However, there are also other network members, who should be trusted by the customer and the booking website: the customer’s bank ensures smooth payment for both the booking website and hotel services, then the hotel provides services and the whole network is formed around. The embeddedness of counterparties of network is presented in Figure 2.

In most cases, the strangers’ network was analysed because relationships among them are mostly accidental, virtual and impersonal. As it was noticed earlier, the booking sites have less incentive to be trustworthy, therefore, the information for trust or distrust development is even more valuable.

Dealing between cognition- versus affect-based trust forms, it can be stated that trust or distrust to booking sites comes mostly “from the head", because customers haven’t friendship ties, but try to protect their money. Therefore, these are occasional relationships based on economic motives and a task to plan some journey.

Information about booking sites’ reputation is carried through specialized in travelling virtual network where the information is posted and it is available to all potential customers. Here are the most usual questions to start a forum:

Has anyone used...?  
Is it safe?  
Is it reliable?

The main thought of these questions and their placement in front of other questions and issues shows and proves the paramount importance of trust in relationships among trading parties in the booking website. All the details, opinions and experience about these services are delivered further.

It works like a recommender system that exploits social behaviour by relying on other peoples’ opinions when selecting items of different kind.

An important part of experience is the people encountered during travelling. Therefore, it is important and useful to have knowledge about who is likely to go to a certain destination, or what kind of people are the ones who prefer a specific type of a hotel. Travelling experience is often shared with others. It can be indicated that knowing more about other people travelling at the same time was perceived as interesting and helpful information for other customers.

Generally, it emerged from data analysis that customers do trust the rates published at booking site. Mostly they affirm that their expectation about booked hotel match the ratings in this website. They always knew a priori what to expect from selected hotel, were acquainted with hotel’s strong and weak sides. A big part of them uses the same booking site not for the first time, because, as they named themselves, they trust it.

According to customers view, booking platform is very convenient. It even shows how many different rooms are available in the hotel at any given moment, gives opportunity to find best price, most popular or best-rated hotels.

Analysis of travel Web sites indicates that the effect of usability on initial trust may be significant. Searching for travel services is a complex process. It involves a lot of experimentation with multiple variables, such as dates, number of stopovers, hotels, directions, airports, airline, and so
on. It is also usually an iterative process with multiple attempts until one finds the right travel service. High website usability is extremely important for such an activity.

The significant differences among customers’ trust propensity were found even among customers that had no problems with hotels or had never booked any hotel. One part of them in advance argues that they expect that booking site would **stand firm behind their published rates and behind those who made the booking**. Others propose that booking site is not aware of this requirement. Before booking, they have attended to read the booking site’s terms and conditions, which, it can be noticed, is not so easy find in the sites. They cited selected sentences from there:

> **Our services are based on the information provided by the hotels; for this reason, the hotels remain responsible for the correctness of this information.** Hotels can **alter the information about their hotel, such as prices and availability, at any moment. We can therefore not guarantee that all the information is accurate and faultless, nor can we be held responsible for errors or inaccuracies in the supplied information. You should always check the provided information before acting on the basis of the supplied information.**

Observing the “Terms and Conditions” on the website, it appears that booking sites would have very little leverage in regard to a hotel. The company does not collect the hotel’s payment and pass it along, so they cannot withhold the payment to enforce their will. The only threat that a booking site can apply is to delist the offending hotel and not do business with it.

For the customers it means that the buyer has no rights in booking activity. Besides, these customers sarcastically joke:

> **…writing a letter of “protest” is good therapy and helps get some of the anger out.**

Yet several customers state that you cannot trust booking sites because booking site’s companies will not help you in dealing with a cheating hotel when a problem arises. They say they have strong reasons to believe that they are colluding with unscrupulous hotels as they propose:

> **The fact is they (author: booking sites) actually work for the hotels not for us.**

Here are the most common problems that appear: higher price when booked, cancelled reservation, charged twice from credit card, booked twin beds, but get double, different cancelation terms in a hotel and in booking site’s policies, photos and description of a hotel do not match what customers get, etc.

Almost all customers, who had complaints, said that managers of a booking site company were sorry, promised to help, but did nothing even after repeating complaints letters:

> **Numerous emails back & forward to <...> to get our money back has produced no results.**

> **They have been giving us the complete run around & now seem to completely fobbed us off, saying our contract is with the Hotel & we have to contact them directly.**

> **Our frustration is with <...> who have been totally unhelpful.**

The analysis of customer activity and efforts shows evidences of booking website’s unwillingness/inability to solve the problems, when they should be mediators in transactions by their central position in
the network according the nature of their services:

_Sadly you may have to battle on three fronts, the booking agency, the hotel itself (may have gone “under”) and the bank._

_It took a call to the hotel, a disputed charge with my credit card company and a few weeks to get the deposit back._

_The agent at <...> explained that you need to read the hotel’s policy very carefully before you hit the key to book as some do take a deposit up front._

It is not the aim of this research to find out whether potential customers refused to book services – it would be a meaningful suggestion for further researches. These comments are posted in open cyberspace where every concerned individual can read it and draw his/her own conclusion possibly influencing their decision making and leading to refusing considerate services of a booking website. The economic theory of asymmetric information suggests (Xiang, Zhou, Zhou, Ye, 2012) that one party has more or better information than the other in transactions’ decisions (here – more positive/negative opinions and feedback), and it influences buying decisions of customers.

Direct dependence between customers booking hotels experience and their trust or distrust to booking sites has become clear from content analysis. In mostly posts customers says, for example, they “had (no) problems with hotels, so you can (not) trust them”. It reveals the issue that customers trust booking site for what booking site doesn’t take a responsibility according its terms and conditions, but hotels should. This proposition helps to distinct, which attributes are hygienic and essential for trust building and which develop higher level of trust for the future booking activities. Booking sites propose their mission to inform customers about possibility to book hotels and their accommodations from company’s side and hotels ratings and feedback information gathered from previous customers. In notion that customer is always right, the analysis results reveals that booking site should take more responsibilities in order to develop higher level of customer trust in companies.

It can be suggested for booking companies’ managers to take more active position in customer dealing with hotels process, securing customers from hazards to suffer financially and from not matching description accommodation conditions. Many modern e-commerce websites (for example, e-Bay or Amazon) show good practices how to create dispute resolution system that offers consumer protection of their money and successful vacation.

Some revising system (for example, mystery shopper) should be created to verify the hotel’s proposition before including into a system. In addition, financially motivating for good practice and good ratings and punishing for cheating practice can create more leverages for the booking sites’ party when dealing between customers and hotels.

One can argue that these actions will be very expensive, but if customers have a more prevalent tendency to distrust than to trust avoiding potentially negative consequences in the highly uncertain virtual environment, then developing trust companies can multiply their amount of customers, which consequently also means increased market force that, in its turn, strengthens the booking sites leverages dealing with hotels.
Conclusions

Trust is undoubtedly a major factor in virtual business networks, as people are more willing to buy from those whom they trust, and the price is of the second matter. Hence, knowledge that can guide managers how to develop trust beliefs in the marketplace and in relationships among different parties is likely to bring substantive benefits.

Managers should build a dense virtual business network, because it provides more social closure. Affect-based trust form would increase trust among network parties. Trust in a dense network composed by positive ties is socio-emotional in nature, because actors believe that network members are trustworthy in that they belong to a closely-knit group and thus have each other's interests and welfare at heart.

Nevertheless, managers should make trust in networks and it should arise from and combine all possible types and purposes: to establish and maintain friendship relationships, to inform and advise for better customer satisfaction, to gain economic value, to guide for future decisions when moving to a certain direction, etc.

The nature of trust and associations between types of trust are helpful for managers striving to understand how to build and to develop trust in their business network. Such knowledge is useful for managers who seek to make clear and socially responsible business, to strengthen their network, get marketplace force, as well as to obtain and maintain more customers.

Therefore, various Internet sites through a virtual network can become those third parties (Tertius) that give trustful information for customers (Ego) about firms (Alter) they want to deal with. New business areas appear, especially in virtual networks, the mission of which becomes to bridge the information asymmetry gap between strangers-customers and companies. In addition, it is essential to provide transitivity of the information flow among parties, trying to shorten the exact information way to the customer and to transform the strangers’ network into partners.

The virtual network analysis in the tourism sector (particularly in the hotel booking site) revealed that information about companies (including the feedback system and information rendered from companies about their products and services) and usage of websites plays only a hygienic role in developing trust. Customers prefer to attribute almost the same requirements for both virtual agents and companies, because in their mind the third party is also responsible for the given information – it is the most important condition for developing trust of customers for both companies and agents. Thus, the agent sites must be designed with consideration of customer interests, assuming more responsibility for the given information about companies. Personalized services and information, including recommender’s systems, in what customers could be interested, should be provided. Devoted suggestions should be offered to customers in order to establish friendly, true-hearted relations with them, winning their affect-based trust, not only cognition-based.

The research results suggest that booking sites should equip their sites well with trader search capabilities that permit sorting on reputation factors, feedback scores as well as the price. This could have the double advantage of outfitting buyers with
trust information they have demonstrated interest in, and spurring sellers, who know that this information is easier to evaluate, to provide more reliable and trustworthy services.

Moreover, managers should also evaluate “negative reciprocity” – being unapprehensive they are not likely to develop deep, positive, affective relationships with those whom they engage in economic exchanges, nor are they likely to view those to whom they are affectively close as sources of economic aid (Chua, Ingram, Morris, 2008).

As cyberspace seems highly uncertain for customers, they tend more to distrust than to trust avoiding potentially negative consequences, therefore, managers need to rethink and recognize the importance of consumer distrust.

In spite of different trust propensity of customers, the research affirms strong returns to a firm which invest in a reputation for reliability, especially the one which sells via the Internet. The results provide some support for the assertion that customers can form a trust belief even after a single first visit to some company’s website. That initial trust belief can be a significant variable in their decision to return and use the site in the future. Therefore, it is the easiest way for companies to develop such trust beliefs in their customers.

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PAŠITIKĖJIMO TYRIMAS VIRTUALIUOSE TINKLINIUOSE RYŠIUOSE: TURIZMO SEKTORIAUS ATVEJIS

Santrauka

Straipsnyje nagrinėjami pasitikėjimo didinimo būdai virtualiuose tinkliniuose ryšiuose tarp rinkos dalvių siekiant apipusiai priimto, sąžiningos ir etiškos elgesenos. Pasitikėjimas yra viena esminių koncepcijų tinklų teorijoje, tačiau stokoja pasitikėjimo didinimo sprendimų įkvėrusiose virtualaus verslo kontekstuose.
Research of Trust in Virtual Network Relationships:  
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Turėtojo kitam rekomenduotojų tinkle. Pasitikėjimo pobūdis gali būti daugiau pagrįstas iracionaliais ekonominiais argumentais, labiau afektu, o pastarajam formuoti turėtų būti išnaudojami užmegzti ryšiai tinkle.

Straipsnyje analizuojami turinio analizės metodu apdorojami antriniai duomenys (pateikiami specializuotuose keliautojų rekomendacinio pobūdžio internetiniuose puslapiuose; taip pat viešbučių rezervacijos internetinė svetainė) apie pasitikėjimo arba nepasitikėjimo požymius virtualių tinklų formavimuis turizmo sektoriuje.

Paaiškėjo, kad nagrinėtame virtualiame tinkle pasitikėjimo įsitikinimų formavimasis priklauso ne tik nuo vartotojui svetimų patarėjų nuomonės ir patirties, aprašytos minėtuose specializuotuose puslapiuose, bet ir nuo kliento banko, užsakomo viešbučio ir rezervavimo sistemos, kaip mediatoriaus, tinkamos sąveikos. Tyrimo metu pagrįsta pasitikėjimo susiformavimo pirkimo sprendimui svarba. Išsiaiškinta, kad būtent afektinio pasitikėjimo didinimas išspręstų daugelį kritinių situacijų, kai nepatenkinti paslaugomis klientai menkino internetinės svetainės reputaciją virtualioje erdvėje. Be to, internetinės svetainės suvokimas naujų klientų akyse gali suformuoti pasitikėjimą įmonės įmone net ir po pirmojo apsilankymo, nes vartotojui priimtina internetinės svetainės dizainas gali padidinti pasitikėjimą įmonės paslaugomis, todel svetainės turėtų būti kuriamos į tai atsižvelgiant.

Naujos verslo nišos formuojasi virtualioje tinkle, kurios misija yra nutiesti tiltus tarp vieni kitų nepažįstančių klientų bei paslaugų teikėjų tarp didžiulės informacijos asimetrijas. Tyrimu išsiaiškinuta, kaip virtualūs tinkliniai ryšiai suteikdami informacijos apie vienas kitą naujokams ir partneriams padeda suformuoti ir išlaikyti pasitikėjimą įmonėmis turizmo verslo atveju.