

Buyers' institution-based trust in South African c2c e-commerce: a social capital theory perspective.



Buyers' institution-based trust in South African C2C e-commerce: a social capital theory perspective

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Abstract

Consumer-to-Consumer (C2C) e-commerce has grown substantially since the rise of the internet as it provides a means for individuals to effectively buy and sell goods between one another without the need for re-sellers. Using social capital theory, this study aims to understand how the dimensions of social capital in the South African environment effect buyers willingness to transact in C2C e-commerce. Through this understanding, the study then analyses the current institutional mechanisms employed in order to compare and contrast the extent to which these mechanisms are able to facilitate efficient C2C transactions. Twelve buyers using C2C websites to purchase goods were interviewed for the study. Through understanding social capital in a South African context, the results demonstrate the extent to which current institutional mechanisms are ineffective in facilitating buyers trust and willingness to transact. These findings will assist C2C websites in building effective institutional mechanisms. The theoretical contributions and practical implications are discussed.

Keywords

Trust | C2C | South Africa | Social Capital

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name: _____

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Chapter 1: Introduction to the Research Problem

1.1 Introduction to the problem

Since the inception of the internet, electronic commerce (e-commerce) as a means of transacting has grown significantly in popularity due to the convenience and financial benefits it provides (Darke, Brady, Benedicktus, & Wilson, 2016). As there is no direct interaction with either the product or the seller during an e-commerce transaction, trust is found to play a greater role in e-commerce transactions than in physical transactions (Pavlou & Gefen, 2004). It is argued that buyer trust is a prerequisite in e-commerce transactions and it has, therefore, been well researched (Kim, Ferrin, & Rao, 2008). The reasoning behind this is that trust is a key element of social capital and thus essential in exchange relations, as it has the ability to influence transaction and search costs (Kim, Ferrin, & Rao, 2008). As such, it is important to understand buyers and sellers' social proximity and mutual trust, as these constructs are found to be important predictors of relationship success and the efficiency with which transactions can take place (Darke et al., 2016).

E-commerce can be categorised into Business to Business (B2B), Business to Consumer (B2C) and Consumer to Consumer (C2C). South African C2C e-platforms, such as Gumtree and OLX, allow individual buyers and sellers across the country and globe to interact with one another directly, allowing economical and efficient transactions to take place without the involvement of intermediaries.

C2C differs from B2B and B2C as it relies on individual buyer-seller relationships. Transactions are conducted directly between individual buyers and sellers, who use C2C websites as a means to facilitate the transaction. Trust is a major obstacle in the C2C e-commerce marketplace, as uncertainty and perceived risk are found to be greater for buyers than in traditional e-commerce markets. This is due to the once-off nature of C2C transactions, the fear of opportunistic behaviour, information asymmetry, and lack of reputational capital in the seller (Darke et al., 2016; Kim, Yim, Sugumaran, & Rao, 2016; Pavlou & Gefen, 2004). These factors inherently result in diminished trust on the part of buyers and affect their willingness to transact over this medium as the buyer is at greater risk of opportunistic seller behaviour (Jones & Leonard, 2014).

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As such, the key to improving buyers' willingness to engage in online C2C transacting is to decrease perceived risks related to the online buying environment. In order to do this, a "deep understanding of the mechanism of trust-building in C2C lending is thus necessary for the market makers" (Greiner & Wang, 2010, p. 128).

This study seeks to understand the drivers of buyers' trust when engaging in Consumer to Consumer e-commerce transactions within South Africa. Through evaluating the social capital environment and perceived effectiveness of current institutional mechanisms by buyers, the research aims to gain a greater understanding into how trust can be facilitated using effective mechanisms to build institution-based trust.

1.2 Research Title

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1.3 Research Problem

The development of trust between buyer and seller will assist in a buyer's willingness to transact (Dowell, Heffernan, & Morrison, 2013). Trust in transacting can be defined as "a willingness to rely on an exchange partner's reliability and integrity, and the belief that the actions of the trusted party will result in positive outcomes" (Darke et al., 2016, p. 289). More specific to the context of this study, Pavlou and Gefen (2004) defined trust in online transacting as the extent to which the buyer believes the seller will behave in accordance with their confident expectations, by showing ability, integrity and benevolence. Therefore, this study will focus on the extent to which buyers are willing or not willing to be vulnerable and reliant upon sellers when transacting.

Mistrust in C2C environments is found to be greater than in traditional e-commerce markets as individual buyers and sellers engage directly with one another (Darke et al., 2016). With online transactions, much of the interaction between parties does not occur face to face, which eliminates the opportunity for buyers to pick up on social cues when transacting with sellers in order to assess whether the seller can be trusted (Pavlou & Gefen, 2004). In addition, these relationships are generally characterised by the presence of information asymmetry which is to the seller's advantage; the buyer is reliant

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on the seller being forthcoming and truthful (Pavlou & Gefen, 2004). Since information cannot easily be validated through other sources, the buyer is required to place a certain level of trust in the information received by the seller.

Reputational capital is found to be the greatest factor affecting a consumer's willingness to purchase (Clemons, Wilson, Matt, Hess, Ren, Jin, & Koh, 2016). However, due to the once-off nature of online transactions, there is little incentive for sellers to build reputational capital. As a concept, reputational capital is a historical construct as it is developed over time, under the assumption that superior prior behaviour is often a predictor of superior future behaviour (Clemons et al., 2016). Reputational capital has annuity value in that it allows sellers to charge premium prices as buyers are naturally more comfortable dealing with a reputable seller. The gains that would occur from short-term opportunistic behaviour are smaller than the long-term benefits of reputation (Clemons et al., 2016). A lack of reputational capital complicates the transaction process and increases search costs for the buyer because additional resources need to be spent to validate the seller's information (González-Benito, Martos-Partal, & San Martín, 2015).

Consequently, a critical enabling factor in increasing trust and facilitating transactions in C2C businesses is the establishment of institutional mechanisms. These mechanisms are put in place by C2C companies to create conditions that will facilitate transaction success as a means to mitigate transaction risks and build trust in the seller. Darke et al. (2016) suggest that C2C platforms can assist in facilitating a trustworthy online marketplace for buyers and sellers to transact. This can be achieved through the use of effective institutional mechanisms, resulting in greater buyer online purchase intentions (Darke et al., 2016). These mechanisms facilitate transactions, reduce uncertainty and therefore reduce perceived risks for the buyer (Pavlou & Gefen, 2004). When used effectively, they promote the development of institution-based trust on the part of the buyer. This is because the sense of security and accountability provided through the institutional mechanisms reduces buyers' dependence on sellers' behaviour (Li, Pieńkowski, van Moorsel, & Smith, 2012; Pavlou & Gefen, 2004; Yoon, 2009).

Research shows that "trust in the intermediary, perceived effectiveness of feedback mechanisms, and effectiveness of escrow services build trust in the community of sellers" (Pavlou & Gefen, 2004, p. 39). Further to this, a recent study by Clemons et al. (2016) found that consumer trust differs from country to country. Additionally, Huang,

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Chen, Ou, Davison, and Hua (2017) argue that social capital within a group of buyers and sellers affects the perceived effectiveness of institutional mechanisms as well as their loyalty to the C2C platform. Consequentially, Huang et al. (2017) found that facilitating social capital through institutional mechanisms when buyers and sellers are transacting positively, moderates trust and loyalty for the buyer. As such, the presence of social capital is found to be a key enabler for buyer purchase intentions (Darke et al., 2016; Huang et al., 2017; Yoon, 2009).

The above studies add further complexity to the understanding of institutional-based trust because the perceived effectiveness of institutional mechanisms lies largely in individual perceptions and differs across C2C communities (Yun Xu, Chuan Luo, Dongyu Chen, & Haichao Zheng, 2015). Furthermore, social capital within a community has a direct effect on an individual's behaviour when transacting (Huang et al., 2017). As a result, mechanisms that may build institutional trust and help facilitate transactions in one community may not necessarily be effective in another. Therefore, in order to better understand how institutional trust can be built through the use of mechanisms for buyers transacting on C2C e-commerce platforms within South Africa, social capital within a community of buyers needs to be understood. When this is understood, the study will be able to evaluate the perceived effectiveness of current institutional mechanisms and suggest ways in which they may be improved in order to better facilitate buyers trust in online C2C transacting (Huang et al., 2017).

Lastly, "social exchanges are imperative for the development of business relationships, for it is the social exchange that creates the environment for the economic exchange to proceed without expensive legal contracts" (Dowell et al., 2013, p. 437). This study, therefore, seeks to understand the social environment within the South African C2C e-commerce market. The study will evaluate buyers' perceived effectiveness of current institutional mechanisms and the extent to which institution-based trust is present. Through this understanding, suitable institutional mechanisms can be suggested as a means of facilitating transactions and developing institution-based trust.

1.4 Research Objectives

This study aims to understand the C2C e-commerce community within South Africa from a social capital perspective in order to better understand buyers' perception of the

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effectiveness of the institutional mechanisms offered. In doing so, the findings aim to cultivate a scholarly understanding of consumer trust in C2C e-commerce from a social capital perspective in South Africa. Building on the literature by Huang et al. (2017), the study seeks to further understand the role of social capital in shaping buyers' perceptions in the South African context, exploring and describing how institutional mechanisms can be used to facilitate trust online.

Findings from this study have the potential to provide C2C businesses with a contextual understanding of the social capital drivers and inhibitors of trust in the South African C2C e-commerce community. This understanding could enable C2C businesses to tailor their institutional mechanisms so as to improve buyers' willingness to transact. The findings could also provide an understanding into how buyers wish to transact and the information they perceive as important. This will uncover opportunities for new institutional mechanisms to be developed by C2C businesses that are effective in the South Africa market.

Furthermore, as e-commerce globalises due to technological advances, allowing transactions to take place over greater distances, it is important to understand differing cultures in order to improve transactions across countries and societies. Thus, findings could uncover further cognisance of how e-commerce differs between countries (Kim, Yim, Sugumaran, & Rao, 2016), with this study being conducted in the South African context. Moreover, this study could contribute to the research by Huang et al. (2017) as it seeks to conceptualise the effect of social capital on specific institutional mechanisms such as feedback mechanisms, web assurance safety seals and website quality, rather than on their effectiveness as a collective.

1.5 Structure of report

The research study covers seven chapter. An overview of the structure of the report can be found in table 1 below:

Table 1: Structure of report

Chapter Number	Description
Chapter 1	Introduction to the Research problem
Chapter 2	Literature Review

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Chapter 3	Research Objectives
Chapter 4	Methodological Framework
Chapter 5	Research Results
Chapter 6	Discussion of Results
Chapter 7	Conclusion and Recommendations

Source: Table created by researcher

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Chapter 2: Review of Literature

2.1 Consumer trust in transacting

Consumer trust in commercial transactions is a complex and multifaceted concept. Filieri, Alguezaui and McLeay (2015) cited Morgan and Hunt (2004) when defining trust in the commercial sense as “one party’s confidence in an exchange partner’s reliability and integrity” (p. 23). However, the dynamic nature of modern commercial transactions requires a multidisciplinary and complex understanding of the different frameworks and processes of trust. Besides encapsulating the belief that the trustee will work cooperatively with the trustor to fulfil their commercial obligations, trust and consumer trepidation are subjective concepts that are present in all social relations and transactions (Malhotra, Sahadev, & Purani, 2017).

Mayer et al. (1995), as cited by Pavlou and Gefen (2004), developed a model for the formation of trust in the traditional dyadic (one-to-one) sense, which incorporates characteristics of both the trustor and the trustee. The model posits ability, benevolence, and integrity as essential components comprising the trustworthiness of the trustee. Chen, Huang and Davison (2017a) emphasise trust and reputation as means to predict a seller’s future performance and behaviour. Pointing to examples such as American e-commerce company, Amazon, Clemons et al. (2016) suggest that a long history of excellent service and sales, although not necessarily a prediction of similar behaviour in future, it is correlated and likely to continue.

Consensus exists between sociologists and economists that trust is a cornerstone in enabling relations in situations where uncertainty, interdependence, and a fear of opportunism exist (Fan, Ju, & Xiao, 2016). This is particularly relevant in online markets where traditional methods of evaluating vendor intentions are unavailable (Sullivan & Kim, 2018). Ultimately, the benefits of engaging with a supposedly risky trustee must be worth the perceived risk of dishonesty or deception.

In the sphere of e-commerce, the inherent nature of internet shopping means that consumers will always experience some level of risk (Kim, Ferrin, & Rao, 2008). Consumers sift through a multitude of potentially opportunistic vendors, technologies and offers, in pursuit of their commercial transaction (Kim et al., 2008). Trust acts as a solution to help overcome the potential risks in uncertain or risky situations.

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Li, Pieńkowski, van Moorsel, and Smith (2012) cited the work by Leimeister, Ebner and Krenar (2005), who posited several intertwined processes that culminate in a level of trust that is appropriate for commercial transactions. Trust as a calculative process – the calculation of the benefit/cost equation for a trustee to cheat or to engage in non-cooperation with the trustor – is the first element of Leimeister's work. Following this is prediction process, which encompasses the trustor's ability to predict the trustee's behaviour, the capability process, which is the trustor's evaluation of the trustee's ability to fulfil promises, and the intentional process, whereby the trustor evaluates the intentions of the trustee. Finally, the transference process, which involves the transference of trust from a known entity to an unknown entity, concludes Leimeister et al.'s processes (2005).

Ultimately, as Karimov and Brengman (2014) purport, the purchaser in a transaction is at a disadvantage when compared to a seller. While the seller has the ability to erect safeguards, such as credit card verification and upfront payments, the purchaser must rely on other cues to determine the legitimacy and intentions of the transaction (Jones & Leonard, 2014).

2.1.1 Reputational Capital and the Components of Trust

In understanding ways in which to mitigate the risks that exist in transactions, whether perceived or real, have elaborated on the concept of reputational capital and expounded components of trust in order to better understand the nature of commercial transactions (Kim et al., 2016; Huang et al., 2017).

Sullivan and Kim (2018) defined commercial reputation as the extent to which potential purchasers believe that the selling entity is concerned with the wellbeing and satisfaction of its customers. Reputational capital follows this definition in that it is a measure of the value of the reputation of a particular vendor or organisation, which may translate to higher product prices or a greater market share being enjoyed by the particular seller. Reputational capital can act as a commercial buffer between the purchaser and the seller, as for the sake of reputational capital, vendors may be discouraged from short-term financial gains through deviant behaviour (Fan et al., 2016; Clemons et al., 2016). Chen et al., (2017a) emphasise that, at least economically, the short-term gains that may be acquired from opportunistic and deceptive behaviour cannot be justified when

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considering the damage to the firm's reputation in the long term. Clemons et al. (2016) compound this assertion, suggesting that since misbehaviour in the short-term is unlikely to produce as much value in the long term – in the form of reputational capital – firms tend to act honorably, which perpetuates consumers' trust and satisfaction in the long term. Furthermore, a history of superior performance is a likely indicator of future superior performance, as this kind of behaviour allows sellers to charge higher prices for their products and services, meaning that their reputational capital translates to annuity value (Yun et al., 2015; Clemons et al., 2016). Nevertheless, this is not to suggest that reputational capital is an essential or prioritised component of all consumers; not all sellers have the same degree of reputational capital, and not all buyers place the same emphasis on a seller's reputation (Chen, Huang, & Davison, 2017b).

2.1.2 Components of Trust

The relationship between commercial trustee and trustor is dynamic and context-dependent. In order to better understand this relationship, Li et al. (2012) defined three broad categories in which trust between both parties can be understood.

- Inter-personal trust

Inter-personal trust is grounded in the characteristics that are specific to the individuals involved in the transaction. This may include competence, benevolence, integrity, predictability, or integrity. Additionally, the context in which the interactions take place between the two parties is also relevant (Li et al., 2012).

- System trust

Alternatively known as institutional trust, or institutional-based trust, this refers to the perceived reliability of the relevant system or institution involved in the transaction. Structural assurances, such as regulations and laws, and situational normality, which standardise and normalise the transactional environment, are primary derivatives of this category (Li et al., 2012).

- Dispositional trust

More ambiguous in nature, dispositional trust reflects the general attitude of each party towards trust and commercial transactions. This incorporates their disposition towards trusting external and unknown parties, their personal strategy in seeking outcomes, and their propensity for risk (Li et al., 2012).

Specific mechanisms which sellers and vendors can utilise to foster each of these different kinds of trust will be elaborated in Section 2.4.

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2.1.3 Trust in e-commerce and the rapidly changing nature of online transactions

For a multitude of reasons, internet commerce and transactions is enjoying a steady growth rate of approximately 19% per year, and is an ever-increasingly familiar method of shopping for many consumers (Vicente, 2015; Kim et al., 2008). The IC3 corroborates these findings, purporting that the C2C international market is sized at over \$9 billion and expected to record a CAGR of 60-70% by 2022 (Trends to look out for c2c e-commerce industry in 2018, 2017). Put simply, online marketplaces are communities of buyers and sellers who exchange product information, coordinate, and transact through internet technologies (Pavlou & Gefen, 2004). Pavlou and Gefen (2004) delineate these marketplaces into two separate marketplaces to better understand their existence, namely Business-to-Business which involves exchange relations between organisations and Consumer-to-Consumer which facilitate transaction between consumers.

Internationally, eBay and Amazon sales and auctions are prominent examples of such C2C online marketplaces. Not direct vendors, such sites act as endorsing institutions or intermediaries (otherwise referred to as 'cyber-mediaries' or 'info-mediaries'), and assume the modern role of a traditional middleman (Pavlou & Gefen, 2004). By collecting, processing, and providing information that is offered through the internet infrastructure, these cyber-mediaries facilitate online transactions (Pavlou & Gefen, 2004). The depth and sophistication of services offered online is becoming increasingly enriched. E-markets (such as eBay, Gumtree, OLX and BidorBuy) and cloud computing systems (such as Software as a Service) are just a few of the vast array currently available (Li et al., 2012).

B2C and C2C e-commerce have different influencing factors, therefore it would be prudent to approach the task of defining, researching and modelling each category with caution (Jones & Leonard, 2014). Prominently, C2C e-commerce transactions involve two individuals, meaning that this type of e-commerce is supported in venues such as online auctions, third party listing sites, web forums, chat rooms, or any other virtual locations facilitating exchanges (Jones & Leonard, 2014). Anonymity is also a divergent aspect of the two categories. The consumer can retain a layer of anonymity through C2C e-commerce, a luxury not shared in B2C e-commerce (Fan et al., 2016). Despite differences existing between the two categories, the proliferation and growth of such technologies is undeniable. Park, Keil, Bock and Kim (2016) highlights the significant

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reduction of transaction costs through use of the internet as a contributing factor to the rise of online marketplaces. Park et al. (2016) validate this observation, emphasising the potential of the internet to reduce transaction costs in the search, negotiation, and settlement of a transaction. In turn, Li et al. (2012) observe how transactions migrate from offline, face-to-face transactions, to online, virtual transactions. Online transactions also cut across cultural, social and regulatory boundaries more frequently than offline, physical transactions (Li et al., 2012).

2.1.4 Ambiguities of online transactions

Despite the undeniable surge in popularity of online transactions, inherent in the nature of such marketplaces are increased fears that are related to the vulnerability of the purchaser. Most prominently, the financially lean nature of online transactions, which is what makes e-transactions financially appealing in the first place, means that the purchaser often has no opportunity to gauge or observe any social cues, such as body language, which may have provided an opportunity to assess the seller's intentions or trustworthiness (Vicente, 2015; Pavlou & Gefen, 2004). If the purchaser or vendor erects no transactional safeguards or assurances, then the mutuality of interests between the two parties is the only precondition that either party can rely upon to protect their interests (Li et al., 2012).

The largely impersonal nature of online transactions commonly leads to a real or perceived vulnerability to exploitation (Li et al., 2012). Consumer fear of seller opportunism (FSO) is one of the most commonly cited negative influences on buyers' trust in C2C e-commerce (Liang, Jiang, Lin, Ning, & Jia, 2017). In the C2C e-commerce environment, consumers are unable to monitor the behaviour and personality of vendors, which can exacerbate a buyer's fears of opportunistic behaviour (Tian, Ye, Yan, & Sun, 2015). Opportunistic or predatory behaviour in the C2C e-commerce environment can present itself in a multitude of ways. Misleading information regarding the features or quality of the item for sale, not honoring the agreed-upon shipping terms, or sending damaged or incorrect items, are all examples of opportunistic behaviour (Jones & Leonard, 2014; Park et al., 2016). Not only sellers, but also internet portals or websites, may engage in this kind of behaviour as well. This may take the form of strategically placed clickbait ads, intensive targeted marketing offers, or the selling of customer information lists to related vendor industries (Jones & Leonard, 2014).

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The dynamic nature of online transactions, whereby participants are often "blind" due to geographical separation, suggests that consumer trust may be more important online than in the traditional dyadic sense (Kim et al., 2008). As such, various antecedents and frameworks, to be discussed below, can be constructed in order to cultivate trust and purchaser safeguards from opportunistic behaviour.

2.2 Trust antecedents

Section 2.1 highlights the multifaceted nature of the concept of trust. Research into the convoluted processes through which trust is built are referred to as the antecedents of trust and are elaborated on below:

2.2.1 Cognition based

A cornerstone antecedent of consumer trust, cognition-based trust is grounded in a vendor's self-perception and self-interest, which grows from the cues of a seller's performance (Kim et al., 2016). Fundamentally, cognition-based trust is deduced from cognitive reasoning (Chen et al., 2017b). Several antecedents have been identified within cognitive-based trust.

2.2.1.1 Brand Reputation

Defined as a name, term, symbol, or any other element that serves to distinguish the goods and services of one seller from other vendors, a seller brand has proved to influence customer decision-making and purchasing behaviour (González-Benito et al., 2015).

The inherent physical intangibility that is associated with e-commerce means that consumers will almost certainly have no physical contact or inspection of the product of interest. This exacerbates the role of the brand of the product, whereby the reputation of the seller may cognitively compensate the purchaser for a lack of physical inspection (González-Benito et al., 2015). However, González-Benito et al. (2015) point out that the intangibility that is associated with online shopping does not apply evenly to all product categories. The highly standardised nature of some products, as they point out, means that consumers may be quite familiar with certain products, and as such, no physical inspection or brand assurances are required (González-Benito et al., 2015). Thus, for products related to electrical or complex fields, or when access to physical inspection is

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important, brand reputation is most important to online vendors so that consumers may discriminate among purchase alternatives (González-Benito et al., 2015; Chen et al., 2017b).

2.2.1.2 Information Quality

Information quality, the second cognition-based trust antecedent, refers to the quality, accuracy and completeness of information contained in a seller's website and affiliated advertisements, as it relates to products and transactions (Yun et al., 2015). Acquiring and processing honest, high-quality information is crucial for decision makers whilst searching for their product of choice (Kim et al., 2008). It follows that buyers are more receptive to information on a website that they perceive to be assisting them in making good purchasing decisions (Kim et al., 2008; Yun et al., 2015). The benefits of rich, good quality, honest information in a vendor's website can seep into the reputation of the selling entity as a whole. If the vendor's website is perceived to contain only honest, quality information, then prospective or returning customers are more likely to consider the relevant vendor reliable and trustworthy, thus advancing the seller's brand reputation and consumer base (Chen et al., 2017b).

2.2.1.3 Information Asymmetry

The third cognition based trust antecedent, information asymmetry, relates to the tendency in C2C for the seller to have a greater quantity of information than the buyer regarding the quality of the product (Jones & Leonard, 2014). In a study of online uncertainty, Huang et al. (2017) suggested that purchasers' heightened perception of information asymmetry regarding the product would positively influence their perceived uncertainty in the transaction. The difficulty of consumers to determine whether the seller is trustworthy prior to the completion of the transaction, is core to these phenomena (Huang et al., 2017; Chen et al., 2017b).

B2C e-commerce generally avoids this concern, as consumer trepidation may be alleviated by only dealing with recognised businesses (Jones & Leonard, 2014). Better yet, in B2C e-commerce, if a business is located nearby, then consumers can go directly to the store to resolve issues with problem products (Jones & Leonard, 2014). Unfortunately, with no physical location generally being offered in C2C e-commerce, not only is there no opportunity for buyers to inspect items with the same rigour as B2C transactions, but there is also no means to physically resolve issues with problem items

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(Jones & Leonard, 2014).

2.2.2 Affect based

Affect-based trust antecedents are built upon social semantic bonds linking individuals who are related to indirect interactions with sellers, such as the positive reputation of a vendor and third-party seals (Kim et al., 2008).

2.2.2.1 Positive Reputation of Selling Party (REP)

The positive reputation of the selling entity has long been considered a key factor for reducing risk and cultivating trust between respective parties (Pavlou & Gefen, 2004). REP determines to the trustor that the trustee has honoured transactional agreements in the past, which suggests that this behaviour may continue into the future (Pavlou & Gefen, 2004). Reputation building is a social process that is dependent on previous interactions, with traits such as honesty and trustworthiness being magnified for potential future interactions. If prospective purchasers perceive a seller to have a positive reputation, they are likely to infer that the seller will honor its specific obligations and agreements, which will enhance the likelihood of a transaction taking place (Kim et al., 2016).

2.2.2.2 Presence of Third-Party Seal (TPS)

A third-party seal is an assurance by an internet vendor or entity that is provided by a third-party certifying company, that it is considered trustworthy (Özpolat & Jank, 2015). TPS's have recently become quite popular as a means to overcome consumer transactional anxiety (Jones & Leonard, 2014). As a multifaceted function, a TPS helps to reduce customers' perceived risk in e-commerce, provides assurance to customers that the selling entity honours its operating practices, that it handles sensitive payment and personal information in a reliable manner, and that it complies with a suitable privacy policy (Mousavizadeh, Kim, & Chen, 2016).

Huang et al. (2017) point to WebTrust, a non-profit comprehensive assurance programme, as a company that effectively utilises TPS as a means to generate consumer trust. WebTrust receives notable and credible third party assurance that the owners of WebTrust have openly agreed to disclose their information-gathering and dissemination practices, in the the hope that it will entrench consumer faith the practices

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of the firm (Huang et al., 2017).

2.2.2.3 Personality-oriented Consumer Disposition to Trust (CDT)

A more ambiguous antecedent to commercial trust pertains to consumers' personality-oriented approach to transactions. Specifically, a consumer's disposition to trust plays an underlying and often under-reported role in his/her commercial dealings.

Consumer disposition to trust refers to an individual consumer's traits and shopping habits that lead to a certain level of comfort, or discomfort, in engaging in e-commerce (Pavlou & Gefen, 2004). CDT largely draws upon a customer's expectations of trustworthiness, and when it is positively inclined, consumers display a general faith in humanity and transpose a degree of trust onto the selling entity (Pavlou & Gefen, 2004). This degree of trust is not based upon specific knowledge or sentiment of the selling entity, but rather, is the summation of ongoing life experience and socialisation (Kim et al., 2008).

2.3 Social capital theory

Since C2C e-commerce transactions have traditionally been characterised by once-off transactions, limited research has focused on the social relationships between buyers and sellers. Chen et al. (2017a) notes a growing consensus around the importance of social relationships as a critical success factor in online C2C environments.

Incidentally, Huang et al. (2017) studied TaoBao, a C2C platform in China, which achieved considerable success through incorporating specific communication technologies such as forums and feedback mechanisms into their transaction process. These communication technologies improved social interactions, which increased satisfaction and decreased transaction costs.

Although C2C transactions may be once-off in nature, a pleasant experience on a C2C platform may increase the willingness of buyers to purchase again, albeit with a different seller. Therefore, Huang et al. (2017) posits that reputational capital is of benefit to C2C platforms and that Social Capital Theory (SCT) specifically, can be utilised to increase buyers' social and economic satisfaction.

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Social Capital Theory can be defined as the resources rooted in "the network of relationships possessed by individual or social unit(s)" (Huang et al., 2017, p. 94). SCT occurs at an individual and community level. However, due to the fact that one buyer often contacts many sellers, SCT seeks to determine the benefits of interactions across a social unit. As such, research is primarily focused on the community-level impact of SCT (Huang et al., 2017).

This study will be based on the seminal work of Huang et al. (2017). Their work studied three distinct types of capital dimensions – cognitive, structural and relational – and how each affected buyers' social and economic satisfaction. These three dimensions are elaborated on below. Both Pavlou and Gefen (2004) and Yoon (2009) explain that trust transference occurs by the community of buyers in an online context, in that buyers use their perception of a few sellers as a proxy to form their perception of the entire community of sellers. Therefore, this study seeks to understand how social capital theory affects buyers' trust in the community of sellers.

2.3.1 The Cognitive Capital Dimension of Social capital theory

Huang et al. (2017) defines cognitive capital as the resources within a social network that allow people to share common interpretations and meanings. Shared language is an important aspect of cognitive capital as it facilitates shared understanding between buyers and sellers and refers to the "extent to which one uses the common terms, communication pattern and narratives in the communication process" (Huang et al., 2017, p. 97) as a means to exchange information. Common shared language is found to enhance communication efficiency and reduce misunderstanding as less effort is required from both parties to communicate effectively (Yun et al., 2015).

The presence of a shared language reduces the chance of misunderstanding between the buyer and seller, allowing for expectations to be better managed. Moreover, through the presence of common conceptual apparatus, which allows for similarities between the buyer and seller to be more readily anticipated in the communication process, buyers perceive sellers as less psychologically distant (Huang et al., 2017).

2.3.2 The Structural Capital Dimension of Social capital theory

The structural capital dimension in SCT refers to the overall pattern of connections

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between people within a social unit and how these connections allow for information and resources to flow (Huang et al., 2017). Since buyers and sellers have little first-hand knowledge of one another, Chen et al. (2017b) suggest that frequent interaction allows individuals to become acquainted and develop loyalty-relevant knowledge through the interaction, which results in greater willingness to transact.

Structural capital is imperative in the C2C environment as it provides channels that allow for information to flow, because individual buyers interact directly with individual sellers (Huang et al., 2017). Despite the nature of the transaction being rooted in economic incentive for both parties, Huang et al. (2017) has shown that the embedding of the transaction within a social setting develops interpersonal relations, which results in favorable behaviour by both parties. Structural capital posits that the centrality of a social network influences its ability to obtain resources, therefore the greater the number of friendship connections in a social network, the easier information is able to be transferred (Liang et al., 2017).

The frequency of interaction in structural capital enables both parties to establish a common point of view and to know each other better (Huang et al., 2017). Furthermore, the presence of structural capital causes buyers to evaluate the psychosocial interaction ties and not only the economic facets when transacting (Huang et al., 2017), meaning that buyers derive satisfaction when social relationships develop in the process of the transaction.

Being an antecedent of relational capital, structural capital suggests that trust can be built based on frequent and positive interaction between buyers and the community of sellers over time, allowing for the development of reciprocal and respectful relationships (Chen et al., 2017a).

2.3.3 The relational capital dimension of Social capital theory

Reputational capital is the extent to which interpersonal relationships have formed within a society and therefore the degree to which social interactions are based on mutual trust, reciprocity and respect (Huang et al., 2017). This phenomena is found to be a key dimension of social capital as "the absence of constant relations between individuals leads to a major barrier for interpersonal interactions" (Chen et al., 2017b, p. 224).

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Reputational capital is relevant in C2C e-commerce as the presence of mutual trust is found to have a positive relationship on loyalty between individual buyers and sellers due to the reduction in social complexity. The reciprocal nature of a mutually-trusting environment is advantageous as it results in reduced transaction/search costs for buyers and desirable interactions for both parties (Chen et al., 2017b). This creates a sense of mutual indebtedness, which promotes future transactions, as both parties can benefit.

Mutual trust occurs when a buyer's perception of the community of sellers is such that they will not act opportunistically, resulting in the buyer not having to spend additional effort getting to know the seller or validate the information before transacting (Huang et al., 2017). An argument could be made that institutional mechanisms, such as feedback mechanisms, create structural capital and therefore relational capital can be overcome. However, Chen et al. (2017a) argue that structural capital only, is not sufficient to build buyers' trust. Furthermore, they purport that relational capital should precede structural capital, as it forms the foundation on which trust, reciprocity and respect between buyers and sellers can be built.

Research by Clemons et al. (2016) found that lesser experienced markets in e-commerce place a greater value on assurances such as payment services and feedback mechanisms when transacting online, suggesting less mutual trust between buyers and sellers in these markets. In South Africa, reputational capital has received very limited attention within C2C e-commerce research, and user dependence on institutional mechanisms is therefore unknown.

2.4 Institutional mechanisms

Institutional trust antecedents are mechanisms that are implemented or created by third parties that facilitate conditions or an environment that is conducive to transactional success (Karimov & Brengman, 2014). These exist in the traditional dyadic marketplace, and are rapidly being incorporated as a component in e-commerce (Pavlou & Gefen, 2004).

Using internet infrastructure, an online intermediary facilitates transactions within a marketplace through the collection, processing and dissemination of information (Mousavizadeh et al., 2016). Besides facilitating transactions within a marketplace,

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cultivating consumer trust and reducing risk are primary functions of an intermediary (Yoon, 2009). Identifying and removing belligerent sellers, pursuing legal action against fraudulent vendors, or demanding conciliatory action are examples of the practical steps intermediaries may take to foster buyer trust in their specific marketplace. In addition to this, limited financial liability is provided by many reputable intermediaries (Pavlou & Gefen, 2004). Prominently, both eBay and Amazon provide limited financial coverage guarantees of US \$250 on their online auctions. This kind of risk acceptance by intermediaries helps to reduce customers' perceived concerns and cultivates a greater sense of trust in transacting within that platform (Huang et al., 2017).

Buyers primarily deal with unknown individuals in the C2C online environment. Karimov and Brengman (2014) argue that this necessitates C2C platforms to use institutional mechanisms to build buyer trust in the community of sellers through transference. Transference allows buyers to place their trust in the intermediary instead of the individual seller due to the perceived effectiveness of institutional mechanisms for buyers transacting with unknown sellers, otherwise known as institution-based trust (Pavlou & Gefen, 2004; Yoon, 2009; Özpolat & Jank, 2015).

Institutional mechanisms are put in place to reduce uncertainty in transactions by limiting the seller's ability to engage in opportunistic behaviour and potential risks. For the purpose of this study, the measure of perceived effectiveness is defined by Pavlou and Gefen (2004) as the "degree to which a buyer believes that institutional mechanisms provide recourse, are enforceable, are convenient, are available, and are cost effective" (p. 38).

Pavlou and Gefen (2004) evaluated the perceived effectiveness of feedback mechanisms in America and conclude that payment services, credit card guarantees and trust in the intermediary have a positive effect on trust and purchase intentions. Clemons et al. (2016) added complexity to the generalisation of the above results reasoning that the perceived effectiveness of institutional mechanisms differs between countries. They noted that factors such as reputational capital, the legal system and a consumer's level of experience in e-commerce play a role in shaping the dependence on institutional mechanisms by buyers in that online environment. Supporting this, Li et al. (2012) and Huang et al. (2017) concluded that the perceived effectiveness of institutional mechanisms lies largely in individual perceptions and therefore, is context specific to the

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C2C environment within which they occur. This suggests that buyers' perceptions of institutional mechanisms in South African markets need to be studied and cannot be generalised from other markets. The most extensively used and researched mechanisms adopted in online e-commerce are discussed below.

2.4.1 Feedback mechanisms

Reputational capital in an online environment, where the seller's identity cannot be fully assessed, is a primary inhibitor to trust (Lin, Wu, Li, & Cheng, 2015). The volatility of online identities and the absence of contextual cues that typically allow a buyer to interpret seller legitimacy, led to the adoption of feedback mechanisms in e-commerce (Li et al., 2012; Pavlou & Gefen, 2004).

Feedback mechanisms are online mechanisms that offer bidirectional communication, allowing individuals to share opinions and experiences with other users (Dellarocas, 2003). Feedback systems are being used more often in e-commerce settings for their ability to affect both prices and profitability of sale as they provide stability in otherwise risky trading environments (Dellarocas, 2003). Feedback is a highly effective mechanism as it provides a platform for buyers to provide an informal, self-regulated reflection on their transactional experiences with the selling entity.

Pavlou and Gefen (2004) argue that feedback mechanisms are found to build trust through transference in the community of buyers. The information and reviews generated through the feedback mechanisms are often from unknown individuals, but since other buyers have no incentive to provide incorrect information about the seller, feedback is generally trusted by the buyer (Dellarocas, 2003; Pavlou & Gefen, 2004). Therefore, feedback mechanisms have been able to provide a low-cost, buyer-driven certification tool for evaluating the community of individual sellers (Lin et al., 2015; Pavlou & Gefen, 2004).

One such selling entity that has thrived through the use of feedback mechanisms is the popular holiday-planning website, TripAdvisor. Travellers have increasingly relied on travel reviews in order to plan their trips in recent years (Filiari et al., 2015). Customers can now bypass traditional avenues of destination exploration, such as travel agents, and plan their own holidays through consumer-generated media. In particular, websites such as TripAdvisor, which contain consumer-generated content, including consumer

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reviews, have gained popularity for their cheap and comprehensive access to tourism information (Filiari et al., 2015). The recommendations by other travellers that are made through TripAdvisor, such as where to stay and which places to visit, in essence perform the role of modern day travel agents and can influence consumer decisions (Filiari et al., 2015).

2.4.2 Web Assurance Seal Services (WASS)

Web assurance seals, commonly referred to as third-party seals, are mechanisms put in place by C2C platforms to build trust in the community of sellers (Karimov & Brengman, 2014). Web assurance can be defined as the way in which an online business discloses its operating activities, facilitates payments and handles users' personal data (Kim et al., 2016). Common mechanisms include payment services, and privacy and security seals incorporated into the online C2C market place which function as third-party certification of a seller's ability to adhere to acceptable standards in the transaction process (Kim et al., 2016).

It is typical for buyers and sellers to be physically and geographically separated during the majority of C2C online transactions (Li et al., 2012; Mayayise & Osunmakinde, 2014). If parties do meet, it is generally towards the end of the transaction process to exchange money and goods. However, the time delay for monies to be transferred from buyer to seller, often delays the exchange process. This could place the seller at risk, should the exchange be concluded before payment is secured.

The purpose of payment services is to provide security in the case of either party acting opportunistically. Therefore, the perceived effectiveness by the buyer or seller on the payment service provider's ability to mediate an unscrupulous transaction by offering protection or reimbursement will determine the extent to which users deem the service effective (Karimov & Brengman, 2014).

Escrow services are online third-party services that guarantee payments between the relevant parties in a transaction, by authorising a payment only after the buyer receives and accepts the product. These have the theoretical potential to eliminate C2C fraud entirely if they were to be adopted in every C2C transaction (Mayayise & Osunmakinde, 2014; Kim et al., 2008). Mediating services are sometimes also offered by reputable concerns in the event of a dispute between the buyer and seller (Pavlou & Gefen, 2004).

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PayPal (www.paypal.com) and Escrow (www.escrow.com) are prominent examples of escrow companies. Assuming that both parties perceive the escrow service to be effective, then the buyer and the seller can be confident that the financial obligations of the other party will be fulfilled. In respect to trust, the purchaser can rely on the escrow provider's desire to maintain its own reputational capital by completing its service in a transparent and effective manner (Pavlou & Gefen, 2004; Özpolat & Jank, 2015; Mayayise & Osunmakinde, 2014).

Privacy seals are another mechanism C2C platforms make use of. Karimov and Brengman (2014) explains that consumers are hesitant to provide personal information to online vendors due to the risk of their information being stolen by hackers. Buyers perceive that this information will be used by the C2C business in ways other than intended. For example, buyers often believe that this information will be passed on to telemarketers and spammers, or that hackers will be able to gain access to the information for malicious use (Kim et al., 2008). Privacy seals and third-party certifications on the C2C platform confirm that adequate security is in place to safely store personal information and that this information will not be sold on to other companies (Özpolat & Jank, 2015; Mayayise & Osunmakinde, 2014).

The presence of privacy seals in the C2C online platform has been found to decrease user perceived risk during transactions and increase trust in the vendor, resulting in users being more willing to provide personal information as well as increased purchase intentions (Kim et al., 2008; Yoon, 2009).

2.4.3 Website Quality

Website quality also plays an important role in influencing a buyer's perception and attitude. It refers to the extent to which the buyer perceives the website to meet his/her needs (Yoon & Occena, 2015; Zaman, Jamil & Kazmi, 2016). Otherwise known as system satisfaction, website quality has been shown to significantly influence buyers' willingness to use the website and the overall trust in online transactions (Chen et al., 2017b; Yoon & Occena, 2015).

Kim et al. (2008) suggest that favourable experiences when interacting with a website can increase the user's familiarity. This is due to the fact that good websites will allow buyers to gain useful information, transact easily and have make use of high-quality

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services allowing for a better transaction experience for the buyer and seller (Yun et al., 2015). Significantly, Kim et al. (2008) argue that the concept of familiarity is a precondition of trust, and therefore positive user experiences increase willingness to transact and likelihood of returning in the future. A user-friendly website design that facilitates communication between the buyer and seller invites frequent interaction and provides a platform for social relationships to be developed, which leads to an increase in buyers' willingness to transact (Chen et al., 2017b).

Lastly, Sullivan and Kim (2018) found the perceived value and reputation of an e-commerce website to be key determinants of trust. In addition, Sullivan and Kim (2018) found that the higher the perception of risk in dealing through the website by the user, the higher the trust needed to facilitate future transactions will be. Therefore, in an environment where risk is perceived to be higher than traditional markets, website quality can be a strong moderator of trust in facilitating transactions.

2.5 Conclusion

The literature review has outlined the C2C e-commerce environment and identified the critical factors that are inhibitors to buyers' trust. In addition, it has explained the role of traditional institutional mechanisms that can be adopted to minimise user perceived risk and how these mechanisms can contribute towards the development of institution-based trust.

Furthermore, the literature has demonstrated that institutional mechanisms and their perceived effectiveness can be positively affected by the presence of cognitive, structural and reputational capital (Huang et al., 2017). Therefore, through gaining a better understanding into the social structures within the South African e-commerce environment, effective and relevant mechanisms can be adopted by intermediaries in order to increase buyers' willingness to transact online.

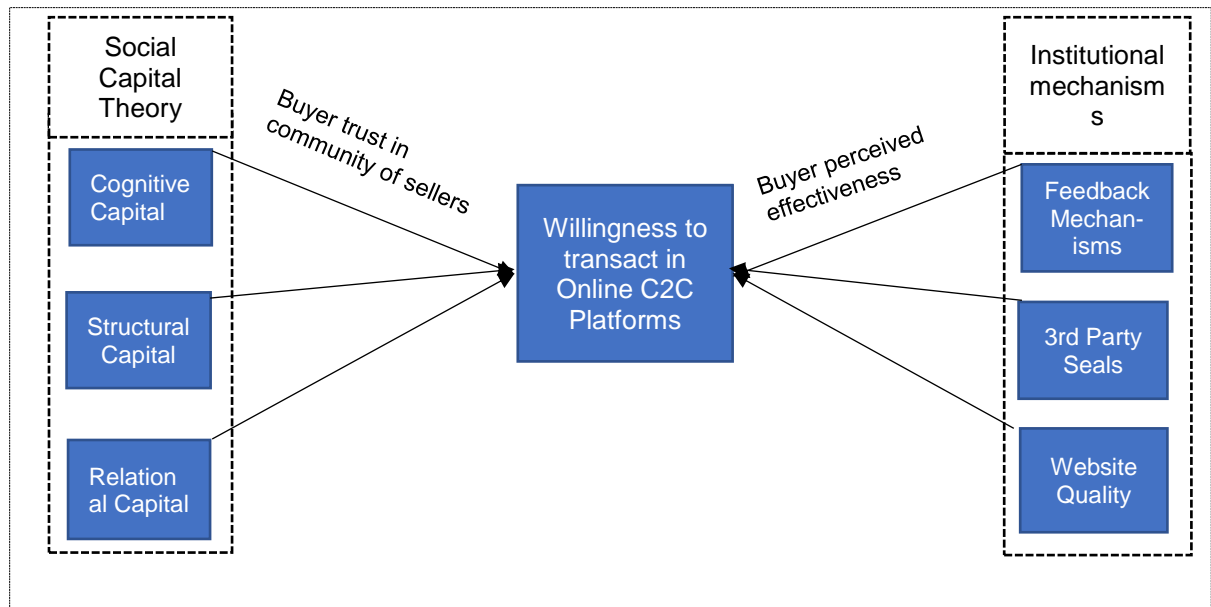
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Chapter 3: Research Objectives

3.1 Conceptual framework of the study

Based on the literature review, the study is conceptualised as follows in figure 1

Figure 1: Conceptual Framework of the study



Source: Figure created by researcher

The study seeks to understand how the three components of social capital (being cognitive, structural and relational) effect buyers' trust in the community of sellers. In addition, the study seeks to explore how current institutional mechanisms are perceived by buyers in the community. It is expected that the findings will reveal a mismatch between social capital requirements to build trust in the community and the effectiveness of current institutional mechanisms in facilitating transactions. The study therefore seeks to build an agenda for establishing institutional mechanisms that satisfy the social capital requirements of buyers, resulting in greater willingness to transact and allow for the development of institution-based trust.

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3.2 Research objectives

Against this background the research objectives of this study are:

7.1.1 3.2.1 Primary research objective:

Understand social capital in the South African C2C e-commerce market to increase buyers' willingness to transact through effective institutional mechanisms.

7.1.2 3.2.2 Secondary research Objectives:

Secondary research objective 1:

- To understand the components of social capital within the South African C2C e-commerce environment.

Secondary research objective 2:

- To understand South African C2C e-commerce buyers' perception of institutional mechanisms.

Secondary research objective 3:

- To determine how institutional mechanisms can enhance social capital between buyers and sellers.

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Chapter 4: Methodological Framework

Table 1, below, summarises the overall methodological choices selected for the research of the effect of social capital and institutional mechanisms within South Africa on buyer willingness to transact in South African online C2C e-commerce platforms. An overview of the methodological framework of the study is provided in table 2 below:

Table 2: Methodological framework of this study

Methodological framework element	Methodological choice for this study
Research design	Qualitative research
Research paradigm	Social constructivism
Research approach	Inductive
Type of qualitative methodology	Phenomenology
Time Horizon	Cross-sectional

The methodological choices in this framework are justified and explained in the subsequent section.

4.1 Research Design

The importance of social capital as a means to facilitate trust within transactions in the C2C e-commerce environment was identified in the literature review in Chapter 2. This study had the primary objective of understanding how social capital in the South African C2C e-commerce market increases buyers' willingness to transact through effective institutional mechanisms. As such, the research:

- i. Evaluated the social capital environment within South Africa to understand the social dynamics and perceptions from a South African C2C buyer's perspective;
- ii. Gained perspective into how South African buyers perceive C2C websites and their ability to facilitate transactions; and
- iii. Determined how institutional mechanisms could be improved so as to increase buyers' willingness to transact through C2C websites.

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A qualitative approach was adopted in order to achieve the primary objective of the study. Saunders and Lewis (2012) explain the qualitative research approach as a process of inquiry to understanding a social or human problem based on building a holistic picture of a complex structure and reporting detailed views of informants as it is constructed in a natural setting. This approach involves arriving at findings without the use of statistical procedures as is the case with quantitative research (Saunders & Lewis, 2012). Due to the flexibility of a qualitative approach, a greater depth of understanding into the social concepts the study sought to explore, could be achieved (Saunders, Lewis & Thornhill, 2009). Furthermore, the majority of relevant studies conducted internationally utilised a qualitative approach. This enabled in-depth insights into the social dynamics and perceptions of South African C2C buyers.

Creswell and Poth (2017) argue for a distinction between four paradigms in qualitative research: post-positivism; social constructivism; post-modernism; and critical theory. In terms of these paradigms, this study follows a social-constructivist worldview. The primary goal of research in the social constructivism model depends on the participants' views of the situation (Bahari, 2010). It therefore looks at understanding social capital in the C2C online community from the buyer's perspective. Also, social constructivism applied within a context such as this study, seeks to understand the "subjective reality of the customers in order to be able to make sense of and understand their motives, actions and intentions in a way that is meaningful" (Saunders et al., 2009, p. 111). One user's meaning and interpretation may differ from another's – according to each one's reality – which may affect actions and the way people interact with one another (Saunders et al., 2009).

Denzin and Lincoln (2008) add that the qualitative researcher should further distinguish between different strategies to qualitative inquiry; this study incorporates the phenomenological approach to qualitative inquiry. The focus of the phenomenological approach is on understanding the unique, lived experiences of individuals by exploring the meaning of a phenomenon (Petty, Thomson & Stew, 2012). This, therefore, fits this study, as the aim is to understand a buyer's personal interpretation and experience when transacting online by capturing the context in the user's own words, allowing for meaning and insights to be gained (Marshall & Rossman, 2014; Nieswiadomy & Bailey, 2017).

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Furthermore, qualitative research is characterised as being inductive (Bahari, 2010). The inductive logic researcher begins by gathering information from participants and develops this information into themes (Marshall & Rossman, 2014). These themes are then developed into broad patterns, theories, or generalisations. Finally, these findings were compared with the existing literature related to the topic (Creswell, 2003) to allow for meaningful theories to be developed that are applicable to the South African online C2C e-commerce environment.

The last methodological choice to consider, according to Saunders et al. (2009), is the time horizon of the study. This study will be cross-sectional due to time constraints. Saunders and Lewis (2012) describe a cross-sectional study as a study over a particular period. This study will thus measure the buyer's willingness to transact in South African C2C e-commerce transactions at a snapshot in time.

4.2 Sample Design

Yet another methodological consideration in research is the sample design. A sample design is the framework, or road map, that serves as the basis for the selection of a survey sample (Lavrakas, 2008). The different aspects of the sample design for the purpose of this study are explained in this section.

7.1.3 4.2.1 Population

According to Zikmund, Babin, Carr, and Griffin (2013), the target population needs to be accurately defined to ensure that the appropriate samples are collected and relevant data is gathered. Saunders and Lewis (2012) define the population as the complete set of group members who meet the studies' requirements. The population for this study consists of all consumers within the borders of South Africa who have access to the internet and a credit card, and who therefore meet the minimum requirements to partake in online C2C buying or selling of goods. A complete list of eligible persons is not currently publicly available and the complete population size is therefore not known.

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7.1.4 4.2.2 Sampling Method

In circumstances where the population is unknown, Saunders, Lewis and Thornhill (2009) argue that non-probability sampling should be used. Consequently, generalisations about the population can be made, not on statistical grounds but rather based on subjective judgement, as long as they are pragmatic (Saunders & Lewis, 2012).

In considering a sampling method for this study, it is considered that only sellers with listed advertisements on a C2C platform can currently be identified. However, as it is difficult to identify buyers who are actively or inactively seeking a purchase, purposive sampling will be used to identify buyers in the community.

For the purpose of this study, via non-probability sampling, purposive sampling was used in the selection of participants. Purposive sampling involves the researcher using his judgement to choose participants who are most appropriate to help achieve the objectives of the study (Saunders & Lewis, 2012). This process was used to ensure that the sample was chosen not on geographic location or ease of accessibility, but rather so that it reflected the heterogeneous community of buyers as far as possible (Marshall & Rossman, 2014).

4.3 Data Collection Method

The selection of the data collection method for the study flows logically from the sample design. For the intent of this study, face to face, semi-structured interviews were conducted to gather data from participants. Semi-structured interviews allow for data to be obtained through interviewees' descriptions of how they experience online C2C transactions rather than speculations into why they have certain experiences (Leavy, 2014). Therefore, during the interviews, some questions were omitted, re-ordered or new questions added depending on the flow of the conversation (Saunders, Lewis & Thornhill, 2009). Descriptive questions were developed in line with the research objectives set out in this study, allowing for an in-depth understanding into the social phenomena discussed. A discussion brief was developed and followed during the semi-structured interviews, and can be found in Appendix 1.

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Whilst this structure makes it more difficult for the research to be replicated and validated, the approach is necessary as the phenomena which the study seeks to understand are complex and dynamic. If the data gathering process were to be standardised, it would undermine the strength of the qualitative, semi-structured approach, as the flexibility to explore the concepts would be limited (Saunders, Lewis & Thornhill, 2009).

Neutral meeting venues were chosen to ensure that respondents were in a non-threatening, comfortable environment when being interviewed. Before interviews began, respondents were provided with an informed consent form outlining the purpose of the study, a guarantee of anonymity and relevant contact details for the researcher and research supervisor in order to establish legitimacy and a level of trust.

Before the interviews commenced, respondents were informed that the interview would be recorded using two devices. The second device served as a back-up in the event that one malfunctioned. Respondents were informed that they could withdraw from the study at any point, should they wish to do so. In addition, notes were taken by the researcher during the study to capture any relevant information that may not have been captured in the interview, such as changes in body language, facial expressions and where a theme emerged or valuable insights were gained. Data analysis began during the data collection process and in this way, insights gained were then used in later interviews to allow for deeper discussion within emerging themes.

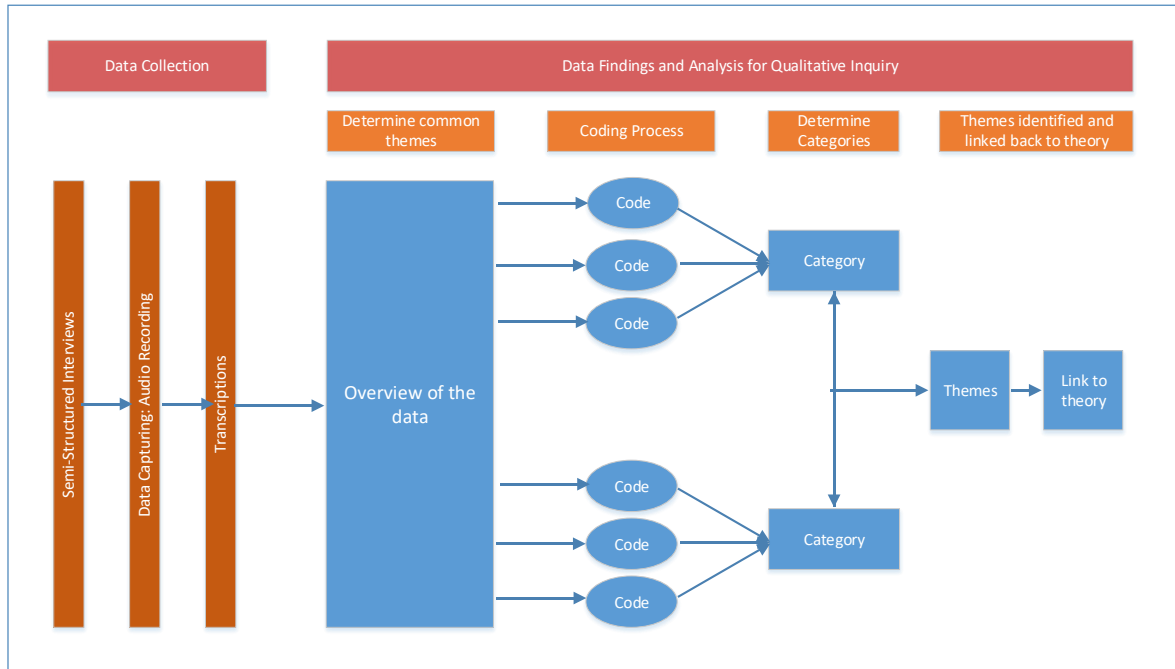
4.4 Data Analysis

Data from the recordings was converted into transcripts. Transcripts were then loaded separately into Atlas.ti, a computer-aided qualitative data analysis software programme which was used to analyse the data. The data analysis process followed the work of Saunders and Lewis (2012), in which meaningful codes were developed to assist in the analysis of qualitative data through a defined unit of analysis. Coding can be described as using tags to mark data with a corresponding theme, key word or phrase (Myers, 2013). Once all data had been coded, codes were then grouped into categories attached to these codes. Categorising data allows the diversity in the data to begin to take shape. Thereafter, the grouping of categories into themes allows for high level constructs to be developed

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(Saldana, 2012). Owing to the inductive nature of the study, data was read and re-read before creating codes as the codes emerged from the data (Saunders & Lewis, 2012). Finally, categories of data were grouped into themes that emerged and these themes were then linked back to the research objectives.

Figure 2: Data collection and analysis process



Source: adapted from Saunders and Lewis (2012) and Saldana (2009)

This study focused on individual buyer's willingness to transact through online C2C platforms. The units of analyses were: (1) the perceptions of social capital on buyers' trust; and (2) the perceived effectiveness of institutional mechanisms in order to allow for specificity of data. These were measured separately.

Due to the fact that semi-structured interviews not follow a standard sequence, it was decided to use Microsoft Excel in addition to Atlas.ti, to collate all respondent's responses in order of the questions outlined in the interview brief to allow for a complete overview of data. This enabled the researcher to determine the consistency of responses across all respondents.

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4.5 Data Quality

In order to increase the trustworthiness of this study, a pilot interview was conducted to test the interview guide for clarity of topic and objectives. This process was used to determine appropriateness of dress code, functioning and clarity of recording hardware at the proposed venue, and interview etiquette aimed at avoiding bias or loaded questioning for the interviewee (Saunders & Lewis, 2012).

After the interviewee had answered a question, the interviewer used the technique of member checking to ensure that the response had been correctly interpreted. This ensured credibility and an accurate understanding of participants' responses. This tool helps avoid biased or incorrect interpretation of data (Saunders et al., 2009).

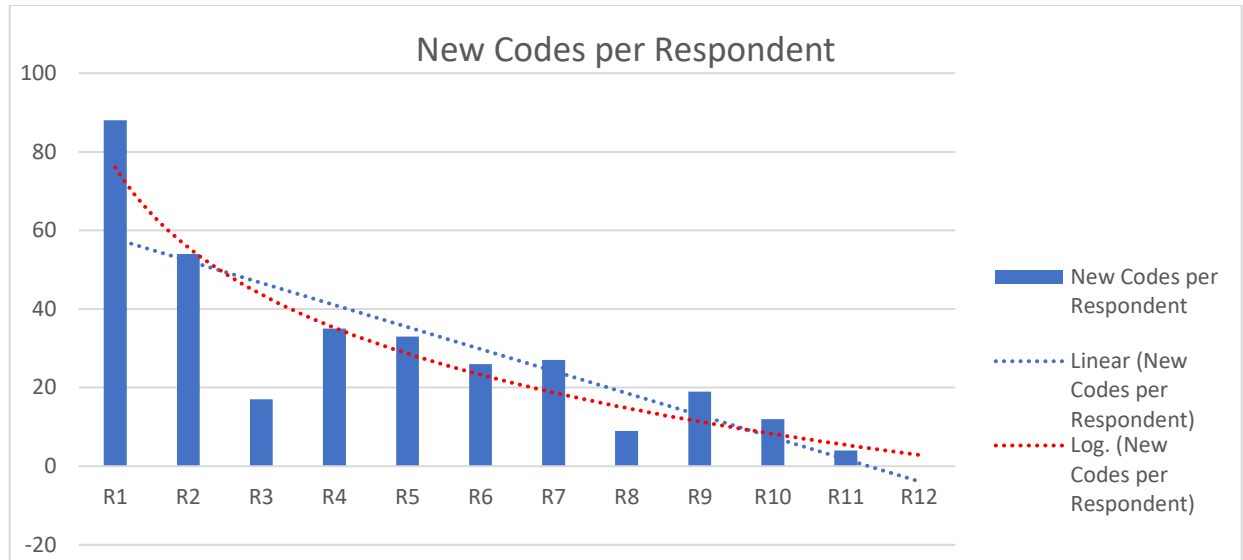
In addition, a reflective journal was used to record any valuable insights and impressions (good or bad) immediately after each interview. This process allows for the development of contextual data and contributes to the dependability and overall trustworthiness of the data (Saunders, Lewis & Thornhill, 2009).

4.6 Research Interviews and Data Saturation

Twelve face-to-face interviews were conducted over a two-month period. The expected data saturation point for a heterogeneous population sample is 15 (Marshall & Rossman, 2014; Saunders & Lewis, 2012). However, Myers (2013) argues that this is no 'magic number'. Based on the number of new codes found per interview, represented on the linear line in Figure 3, data saturation was reached at 12 interviews.

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Figure 3: New code per respondent



Source: Figure created by researcher 1

4.7 Research Assumptions

This section outlines the assumptions made during the data collection process in line with the adopted methodologies.

- i. The Information provided by the respondents is accurate and true;
- ii. The views of the respondents are based on their individual experiences; and
- iii. Common and colloquial terms used by different respondents have the same meaning.

4.8 Research Limitations

This section outlines possible limitations of the study through the adopted methodologies. Due to the exploratory nature of this study, future quantitative research will need to be carried out to provide testing of the findings and more dependable results (Saunders & Lewis, 2012).

- i. This study only explores and describes two factors, social capital, and perceived effectiveness of institutional mechanisms, on consumers' willingness to transact.

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- ii. There may be other interdependent factors outside the scope of this study that may have a larger impact on buyers' willingness to transact.
- iii. The use of non-probability sampling limits the generalisability of the findings to the population as a whole (Saunders & Lewis, 2012). However, as this is a qualitative study, the intention is not generalisability, but transferability.
- iv. Purposive sample may have resulted in interviewer bias (Saunders & Lewis, 2012).
- v. Since the researcher is also an active buyer on C2C websites, there may be researcher bias which may have resulted in the research focusing on certain aspects by asking probing questions or misinterpreting certain aspects (Saunders & Lewis, 2012).
- vi. Due to time constraints, a cross-sectional study was completed. The findings are thus applicable to a specific period in time (Zikmund et al., 2013).
- vii. Presumably due to the risk profile of C2C transacting, only male respondents were identified. Females may hold differing opinions.

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Chapter 5: Research Results

This chapter discusses the relevant findings and insights gained from the semi-structured interviews in line with the research objectives. Quotations are included where applicable.

An overview of the respondents is provided below in table 2:

Table 3: Respondent overview

Respondent code	Age	Gender	C2C sites used	Type of Products purchased	Activity
Respondent 1	60	Male	Gumtree	Vehicle	Active, Frequent
Respondent 2	25	Male	Gumtree, OLX, Facebook	Motorbike, bicycle	Active, Frequent
Respondent 3	26	Male	Gumtree, OLX, Facebook	Appliances, Electronics, Bicycles	Active, Frequent
Respondent 4	29	Male	Gumtree, OLX	Bicycle, electronics, vehicle	Occasional user
Respondent 5	30	Male	Gumtree, OLX, Facebook	Motorbike, furniture, appliances	Occasional user
Respondent 6	27	Male	Gumtree, Facebook, EBAY	musical instruments, appliances, Braai	Occasional user
Respondent 7	21	Male	Gumtree, OLX, Facebook	will check C2C sites when wanting to buy any item	Active, Frequent
Respondent 8	28	Male	Facebook	kite surfing equipment	Occasional user
Respondent 9	31	Male	Gumtree, Facebook	Property rental, general items (roof racks, fridge)	Occasional user
Respondent 10	27	Male	Gumtree, OLX, Facebook	Electronics, Motorbikes, watches, Kruger Rands	Active, Frequent
Respondent 11	45	Male	Gumtree, OLX, Facebook, EBAY	Fishing Equipment, General items	Active, Frequent
Respondent 12	29	Male	Gumtree, Facebook	electronics, Golfing equipment	Active, Frequent

Source: Table created by researcher

In order to achieve the primary objective of the study which is to understand social capital in the South African C2C e-commerce market in a bid to increase buyers' willingness to

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transact through effective institutional mechanisms, seven central questions were fashioned for the semi-structured interviews, and a design brief was constructed to guide the interviewee for specific insights relating to the literature in chapter 2; Appendix 2 provides the full interview brief.

Q1: Please could you describe to me your experience when interacting with potential sellers through a C2C platform?

Q2: When interacting with sellers, are you able to ascertain the information you require on the goods or service you are planning to buy?

Q 3: Please could you describe to me the overall experience regarding the interactions you have with past sellers?

Q 4: Before engaging with a seller, to what extent do you rely on information available about the persons past transaction behaviour provided through the website?

Q 5: When transacting on a C2C website, what measures do you believe are required to be provided in order for you to conduct your transaction safely and effectively?

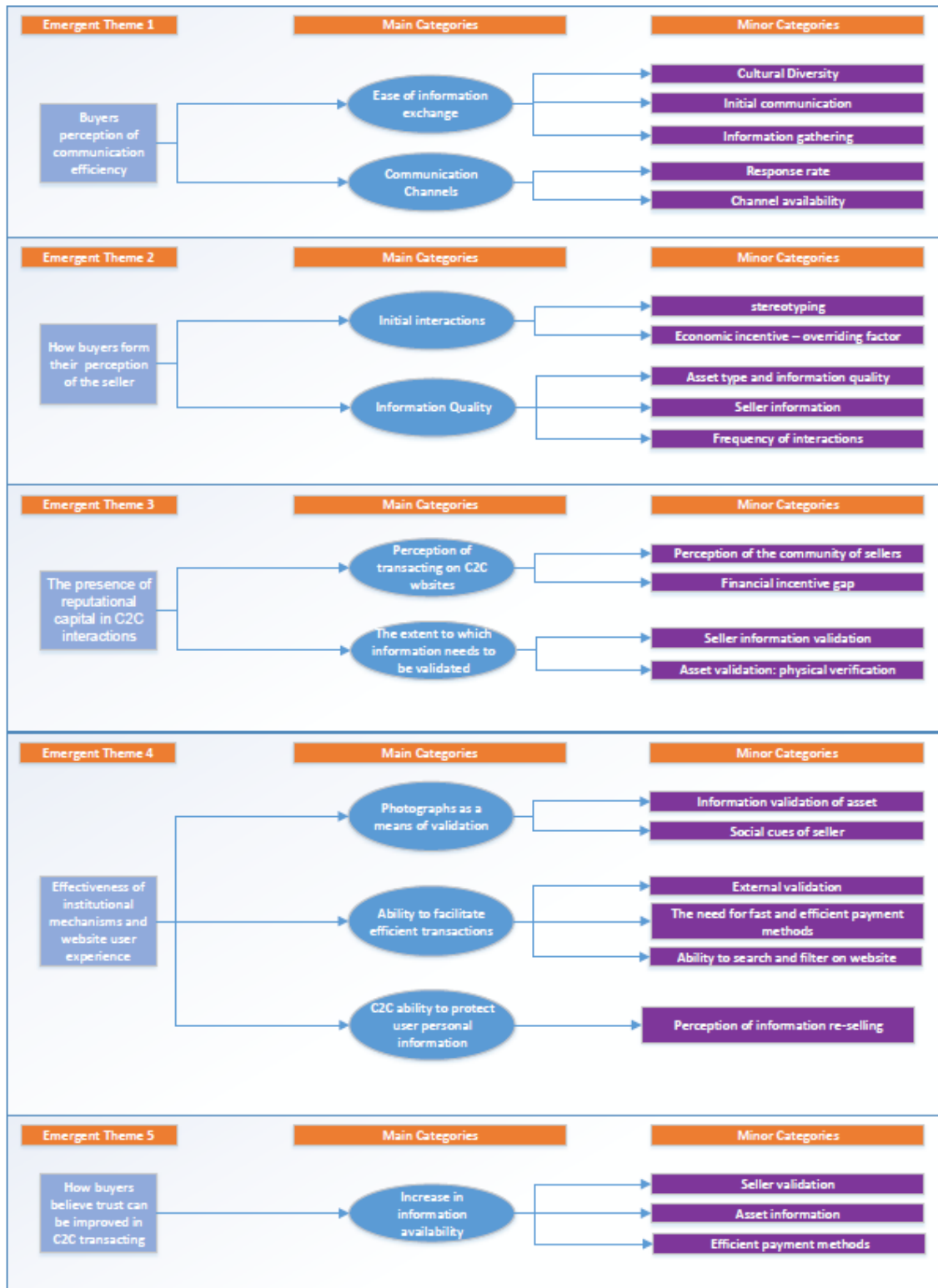
Q 6: In order for you to engage and transact with sellers through a C2C business, what systems or processes do you feel should be provided to allow you to transact safely and efficiently?

Q 7: How do you feel C2C e-commerce platforms could be improved?

As explained in chapter 3, data was captured using Atlas.ti software and was used to code the data generated from the 12 semi-structured interviews to allow for main themes to be identified. Interviews were read and then re-read before being coded. Codes were then grouped into categories and thereafter into themes, forming logical groupings of multiple codes. An overview of the themes and categories is provided in figure 4:

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Figure 4: Overview of themes and categories



Source: Figure created by researcher 2

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The following section will present findings in a logical sequence in line with the research objectives set out in Chapter 3: Research Objectives.

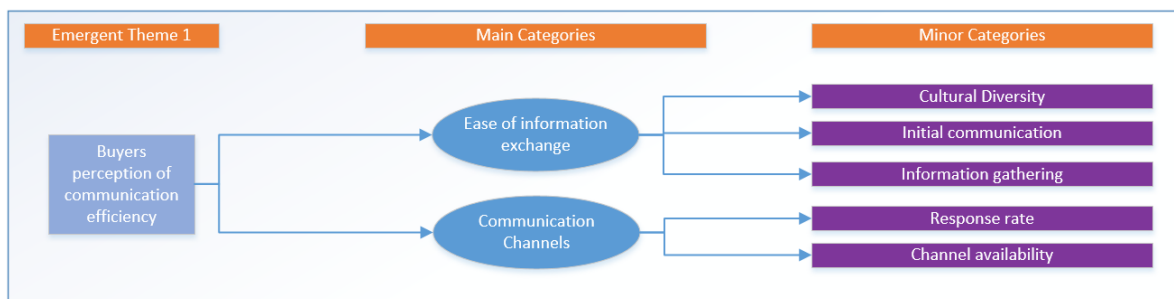
5.1.1 Secondary Research Objective One

To understand the components of social capital within the South African C2C e-commerce environment.

5.1.1.1 Ability to communicate (between buyers and sellers)

A common theme emerging from the interviews was the importance of buyers having the ability to communicate with sellers. The data suggests that the ease at which buyers are able to communicate and obtain information from the initial contact is a major determinant as to whether they will further pursue interaction with the seller. In addition, the effectiveness of the communication channels available for the buyer plays a major role in the efficiency in which the interactions can take place. Illustrated in figure 5 below.

Figure 5: Theme 1 – Buyers perception of communication efficiency



Source: Figure created by researcher

i) Ease of information Exchange

From the data gathered, it is evident that the cultural diversity within South Africa may lead to complexity during buyer and seller interactions. During the interviews, respondents were asked to describe their overall experience when dealing with potential sellers on C2C platforms. Respondent 6 said:

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“I think it's easy to communicate, cause of WhatsApp and SMS's and that kind of stuff but in terms of relating to them, it's very difficult because South Africa is such a diverse place, so you've got people from different cultures, different languages, different backgrounds and you're trying to sort of... meet someone on the same page and it ... more often than not you don't. So, it's hard to, you know, they might value certain things that you don't value and vice versa.”

Looking at the above response, it is apparent that the large cultural diversity across the South African population, more often than not, negatively impacts on the ability for both parties to communicate effectively with one another. In addition, it became apparent that buyers rapidly form an initial perception of the seller based on the level of ease of the initial communication, which could be partly attributed to the cultural differences. When asked whether the ease at which the buyer could interact with a potential seller affects their willingness to transact, respondent 4 said:

“If I found the initial you know, the contact you make with them difficult, that'll put me off straight away.”

Furthermore, the importance of the ability to effortlessly communicate with sellers became increasingly apparent when respondents were asked to describe the ease with which they were able to ascertain the necessary information. Respondent 2 said:

“I think they can be quite short in their answers and that does create a sense of distrust or arrogance or whatever it may be, that you, I feel less likely to be willing to engage that person.”

In support of this, respondent 1 said:

“I bought a vehicle last year from Gumtree where I had a very positive experience with the seller who was quite factual, ahh, on the phone to me and the details on Gumtree were good, when I probed them the seller answered the, the questions in a very forthcoming manner, very straightforward manner, and that gave me enough

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confidence to say, 'well ok then let's go and look at the vehicle.' Thereafter my interactions with him were also very positive and it led to me purchasing the vehicle. The trust was built up through those interactions."

The above suggests that the ability for both parties to effectively communicate with one another is of utmost importance. When the buyer and seller are able to communicate efficiently and the necessary information is obtained, the buyer is more willing to engage with the seller going forward. Respondent 2 said:

"if they articulate themselves well, punctuate correctly, I think it shows a level of education and gives you that sense of comfort around in engaging with that individual further; they can explain the product or service you're going to buy or willing to buy better, and also to elaborate further on details around that item."

While the majority of respondents had favourable dealings with sellers on transactions concluded, the data shows that in the initial search for the asset buyers wish to purchase, several potential sellers will be contacted. The initial interactions with the various sellers allow the buyer to establish a 'gut feel' about the seller. This perception is formed primarily around the response rate and ease of communication with the seller. Respondents 1 and 2 respectively said:

"I think it varies quite a bit and that's one of the first things. I try to get a feel for it when you get to a point when you're having actual contact with the person before you actually physically meet them, by telephone, you start to get a feel of the person, the way they're responding to you. If it's positive. I don't think in every case it is so positive. If they don't give a lot of information on the product and answer the questions verbally that I'm dealing with them, then I would tend to veer away, and be more cautious on a website like Gumtree. If they're very forthcoming and um answer everything that I wish to know then I would proceed to say 'well ok I'd like to view the article.' I think, um, on a website like Gumtree it's very important that from the time you start engaging that you start to build up confidence, that the person that you're dealing with at the other end gives you confidence, and it does vary, I think it depends."

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“Some people I suppose require blunt or shortened response, they don't really elaborate too much when you are asking a number of questions, I think they can be quite short in their answers and that does create a sense of distrust or arrogance or whatever it may be that you, I feel less likely to be willing to engage that person. Someone who is quite friendly, greets you, thanks you for contacting them and then elaborates a bit more on your questions that you might put forth, it definitely instills a lot more trust in the engagement and in the potential sale to happen. So, when someone is quite short and blunt with me I tend to be a bit reluctant to engage further based on the need for the item or whether it's been a good selling price or a good deal.”

The above suggests that the efficiency and ease with which the buyer is able to interact with the seller is a determinant on whether they will continue with the interactions. This is the first step for buyers to be able to build initial trust in the seller, and as the findings show, it occurs frequently that buyers will discontinue engaging with potential sellers if the trust is broken in the initial interaction.

ii) Communication Methods

Respondents were then asked to elaborate on the communication process when engaging with sellers. The most common initial contact by buyers was made via whatsapp, citing it as the easiest and fastest means of communicating with the potential seller. Respondent 7 and 2 respectively said:

“I just find that I get a better response quicker, I don't have to worry about it. So, if I can phone someone I can either forget about that advert or I can add it to my list to, you know, look into further. Whereas I might not get a response for three days or something and then am I waiting on this thing when I can lose another deal in the meantime.”

“I generally pop the person a text message as well, because mobile devices are in your pocket or on hand more easily than computer or emails and just more, I

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suppose, more frequently checked.”

Whilst there was consensus in the data that the communication channels available provided the means to efficiently communicate with sellers, respondents expressed some frustration around the lack of communication channels made use of by sellers. Several respondents noted the fact that sellers often did not provide enough contact information to allow them to make use of their preferred channel. Most C2C sites in South Africa only require an email address to post an advert, however this was not the preferred means of communication by the sample group. Respondent 4 said:

“So my initial thought is often the communication channels aren't really set up properly, you know, sometimes you'll look at an advert and it will lack something, such as a phone number, or you can only drop them an email or sometimes the particular platform such as Facebook or Gumtree, only has their own messaging system to work with, and I find that sometimes that is a barrier if the seller is not, you know, willing to open up those channels.”

The above evidence from theme 1 clearly demonstrates the importance of efficient communication between buyers and sellers. The large cultural diversity in South Africa may result in interactions with sellers that can be highly inefficient. This leads to a large emphasis being placed on the ease of communication from the first interaction. If this first contact is met with resistance, trust is broken and buyers will look elsewhere for more suitably matched sellers to transact with. Therefore, by providing a variety of communication channels to allow the buyer to interact over their preferred medium can allow for fast and efficient communication and increases the willingness of the buyer to pursue further interactions.

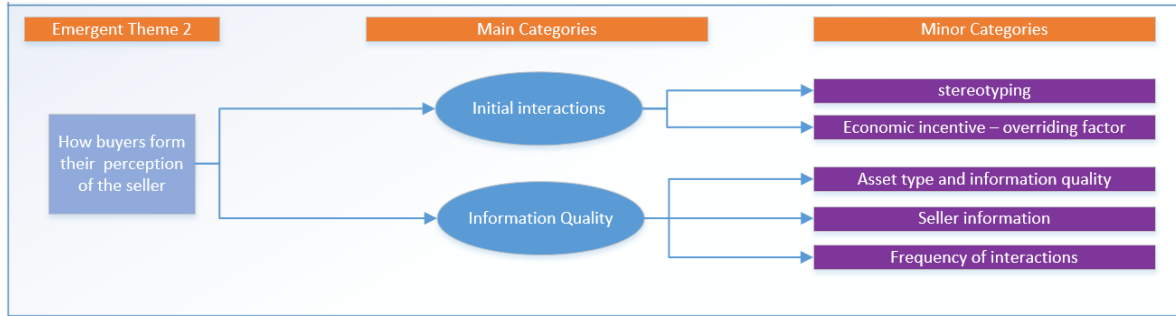
5.1.1.2 How buyers form a perception of the seller

The second theme that emerged from the interview data relates to the process of how buyers form their perception of the seller when interacting on their C2C websites. Information obtained from the initial interaction with the seller enables the buyer to stereotype and determine the seller's similarity to self from a social perspective. The less the buyer has in common to the seller, the lower their willingness to transact will be. Thereafter, the buyer

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evaluates the information provided in the advert as well as attempts to gather information on the seller to determine the seller's legitimacy. See figure 6 below:

Figure 6: Theme 2 – How buyers form their perception of the seller



Source: Figure created by researcher

i) Initial Interactions with Seller

In line with the findings in 5.1.1.1, the data gathered provides strong evidence that a buyer form a perception of the seller through their initial interactions. Stereotyping based on the seller's language and geographic location also has a significant influence on whether the buyer may wish to pursue the interaction further. The quality and amount of information provided by the seller as well as the general layout of the advert also assists the buyer to form an initial perception about the seller. Respondents were asked to describe the initial information they gathered when interacting with the seller. Respondents 5 and 7 respectively stated:

“Generally, I'll ask where they based, the area, whether they would be happy to meet, So location, so the type of environment they would be willing to meet, but also you can tell a lot by the way they engage, it's there, you know if you ask them how's it going? “and cool you know, what did you get up to this weekend or you know, why are you selling, you can instantly tell what type of story you know, that you'll get.”

“Yes it does have a huge effect. So, if I see that the... Which maybe makes me a little bit of a snob, if I see that the location is in Boksburg or east rand... Also, like Khayelitsha or something like... I don't want to go there also... "ah this okes from

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Boksburg" you know... Which is, it immediately puts me off. So, if you were to sell to me, I know this is silly, probably better to lie about your location as like a nice place and meet in a nice place pretending you live there, which is not great thing to encourage but it would work."

This suggests that respondents are looking for social cues that enable them to gauge their familiarity to the seller. The more they have in common, the more comfortable they feel to proceed with the interaction. However, somewhat contrary to the above evidence, the data suggests that first and foremost these transactions are rooted in economic incentive for the buyer. Therefore, even if an advert is bad and the buyer's initial perception is not necessarily positive, the buyer may still pursue viewing the asset due to the potential benefits of the transaction. When asked how buyers would respond when certain sellers are not forthcoming with information or are perceived as illegitimate, respondent 6 stated:

"Most of the time, it's... You hitting a lemon and I think I understand why... I think the reason is because a lot of the deals that you find online are too good to be true. So, you pick up a car that's maybe fifty thousand rand undervalued and you think "there's no harm in trying" but you phone and you think "woah" after you've spoken to the guy, you think "this guy got a funny story" or "he sounds dodgy" or there's one characteristic about it... "no I can't meet you because of this" or anything like that... That suddenly makes you think "well this is too good to be true... And I don't have the time to follow that up". I mean if I get an idea that, that everything's fine then maybe I'll ask for some more information."

In order to gauge the extent to which buyers wished to know more about sellers, respondents were asked to what extent they would try to develop a social relationship during the transaction. The data suggests that the buyer is seeking validation of the asset and seller in the interaction more so than to build a social relationship during interactions. Respondent 12 said:

"I think it's, from my side it more...on the financial pay the money side... I'm more kind of a buyer or seller if I know what I want and I'm not necessarily needing kind of validation of that from the person. Obviously, I want to make sure the stuff's in good

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condition and all that sort of thing but I'm not... I don't necessarily have to have a personal connection with the guy in order to sell or buy."

Respondents were then asked how information such as mutual friends would affect their perception of the seller. Responses were consistently positive demonstrating that finding information that provided commonality with the seller instilled confidence in the buyer. Firstly, it provided a sense of security for the buyer and secondly established familiarity. Respondent 4 said:

"Most definitely, you know I think yea, there an invested interest, if something was to go wrong you know people protect their own name and I think that will play a big part in this, you know, pry to the transaction having the seller know, or thought that he didn't know you and he was trying to screw you over, he wouldn't now because he know how many people, mutual friends, I just think it goes without saying, definitely more trust if you know, if you know them indirectly."

Lastly, the data suggested that the more interaction the buyer and seller have, the greater the trust that is built by the buyer. When asked how confidence is built in the seller, respondent 9 said:

"you kind of have a bit of a back and forth and the more back and forth that you have the more trust that you build... If there's just two, you know, pieces of contact between you, "what is the price? Do they fit a Freelander? Okay can I meet you at 10, o'clock tomorrow?" there is not too much trust built in that conversation..."

Whilst financial benefit is the primary motivator for buyers engaging with sellers on C2C websites, the findings show that buyers do search for familiarity between themselves and the sellers. Through their interactions, if the buyer is able to establish a sense of familiarity, they inherently have a greater trust in the seller and are therefore more willing to engage.

ii) Information Quality

Interestingly, the information the buyer requires varies depending on the type of asset that

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is being purchased. Respondents were asked to describe the importance of the relationship and interactions with the seller. Respondent 9 commented below in response to a property he had rented off Gumtree:

“Ja definitely definitely, I remember like one place we rented in Durban in particular there was quite like a, I'd like to say a likeminded guy to myself... And we ended up getting on very quickly. Also, when you going into a property it's not say just like buying a good and then that's going to be the end of it... You know whether it breaks or whether you lose it it's a property you could be in for a year or two years so your relationship with the seller is going to be over an elongated period of time so when you're renting a property I think it makes it even more important to gauge the guys trustworthiness or the lady's trustworthiness before.”

Somewhat contrary to the above, respondent 4 said:

“I guess it depends on the product also that you're after, I mean if you if you, give an example, if a seller was to sell crockery or cutlery, you're not going invest as much time as if you were selling a car or you know, its two different things you would need to portray to finalize the deal.”

The above suggests that the type of asset, its value, as well as the dependence of further interaction with the seller post-sale will determine the importance of the interactions with the seller prior to transacting, and the level of information required with regards to the seller, to conclude the transaction. Consequentially, the higher the value of the transaction, the more the buyer seeks to validate the legitimacy of the seller. Therefore, buyers actively seek information about the seller, often through means outside of the C2C platform such as accessing LinkedIn profiles and social media pages such as Facebook, in order to establish a level of confidence in the seller.

Buyers also stated that a further means of building confidence in the seller was to gain information on the seller's previous selling history. Currently, sites like Gumtree and OLX display information about the seller in terms of how many items they have sold through the site. Respondents were asked whether they thought this information was valuable. The data

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suggests that buyers actively seek this information as a means to validate seller intentions with the sale, in that the larger number of items previously sold provided more reassurance of legitimacy for the buyer. Respondent 7 said:

'If I had to buy from a seller that had five sales where another had one.... that would be a game changer for me'

Through the buyer's information gathering process, they are able to form a perception of the seller and are able to gauge a sense of the seller's resemblance to oneself. This insight carries a high weighting in the buyers overall decision-making process, and serves as a filtering process when ultimately deciding with which seller to conclude a transaction. Respondent 7 and Respondent 6 respectively said: (Refer to appendix 3 for further quotes by respondents relating to familiarity)

"But I'm not like, I'm not like, I'm not profiling people but I think that as a person that you're faced with two almost identical options and then the difference is familiarity, you are going to go with familiarity.... Purely because you can, you expect, maybe communicate easier, have more shared values and that kind of stuff"

"I think that's also natural human nature, you are naturally attracted to people who you think are similar."

The above statements provide valuable insight into how the buyer forms a perception of the seller. Substantial stereotyping takes place through the information that is made available to the buyer, which may lead to the buyer no longer wishing to proceed with the transaction. However, if the potential financial benefit is substantial enough, the buyer may wish to proceed regardless. Lastly, the importance of relevant information on the asset being made available to the buyer, is a significant factor for the buyer.

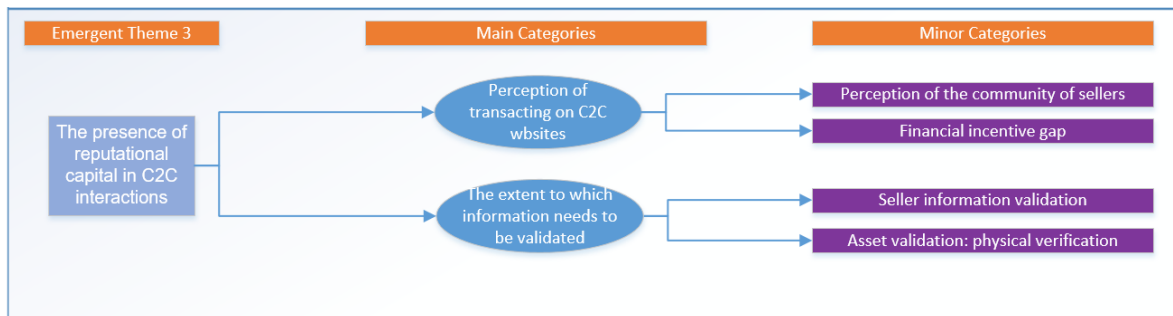
5.1.1.3 The presence of reputational capital in buyer and seller interactions

From the data collected, there is strong evidence to suggest that due to the social complexities in South Africa, little reputational capital exists in the C2C market. As a result

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of the poor perception of the community of sellers as a whole, there is little upfront trust granted to sellers. Due to the obvious perceptions of risk associated in dealing with potentially illegitimate sellers, buyers spend much time validating information on the seller and the asset before they are willing to transact. This leads to an inefficient transaction and results in the need for substantial financial gain to be present for the buyer to be willing to transact. See figure 7 below:

Figure 7: Theme 3 – The presence of reputational capital in C2C interactions



Source: Figure created by researcher

A theme that became strongly apparent from the data is the importance of reputational capital when buyers are interacting with sellers. Due to the social and cultural dynamics in South Africa highlighted in 5.1.1.1, there is little evidence of inherent and upfront trust by the buyer. Respondents were asked to describe their perception of the community of sellers on the C2C platforms they use in order to get an understanding of the respondent's perceived risk before engaging with any sellers. Respondents 2 and 7 respectively said:

“I think I am very apprehensive in engaging with certain sellers, and when I'm a buyer trying to give sellers a sense of comfort that I've been given a, as mentioned earlier, a comprehensive advert but I'm very reluctant to jump head first into any advert, written likes its legitimate. I think there are lots of scams out there, and you have to be very careful on how you do engage with any retail site including Gumtree, because there are lots of scam artists out there and you need to have done your homework on a purchase before you make it.”

“there's still a huge amount. I mean I hear about people getting scammed all the time

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and I have personal incident where I almost got scammed of thirty thousand rand. So ja I'm extremely aware of that and I know it happens all too often."

The data suggests two primary reasons for the lack of reputational capital which are outlined below:

i) [The perception of risk when transacting on C2C websites](#)

The general perception across respondents that there are a lot of illegitimate sellers in the market and as a result, buyers spend a significant amount of time validating the seller as well as the authenticity of the asset before they are willing to transact. Due to this perceived risk, certain buyers would not buy certain assets, or will limit the purchase value to minimise the risk involved. Respondent 10 said:

"Ja anything that's hard to verify or easily faked, cause I'm not an expert and I don't want to have to be kind of an expert just to not get scammed. I'd rather choose someone I can trust instead of trying to become an expert.... it's just too easy to lie on Gumtree but I would steer away from... I would steer away from anything expensive, is actually the answer. Anything over a certain rand value I wouldn't buy off gumtree. For me that rand value is about ten thousand rand."

In addition to this, the upfront perceived risk meant that the financial incentive for buyers needed to be substantially large enough to compensate for this risk, with respondent 6 and respondent 11 respectively stating the asset would need to be forty and sixty percent cheaper to justify the risk. If these savings cannot be achieved, the respondents said they would rather spend the extra money for peace of mind of the warranties, legitimacy and convenience of buying items as new through B2C channels. Respondent 10 said:

"I think that they just so commonly faked and a seller on Gumtree has no, you have no recourse... So, whereas I know if I go to Sandton jewellers... Or even an auction house and I buy a watch or a collectible that they are going to give some kind of guarantee of authenticity. If I buy on Gumtree anything collectible I'm a bit worried."

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The above suggests that the buyer has a high perception of risk before even transacting on a C2C website. As a result, buyers are inherently skeptical of sellers and seek additional means to verify the legitimacy of the dealing before they are willing to transact, resulting in inefficiencies and additional search costs as highlighted below.

ii) [Extent to which information needs to be validated](#)

As a result of the perceived poor reputation by the buyers of the community of sellers, the data shows that buyers spend substantial resources to validate the seller, including the information provided in order to ascertain whether they are comfortable to proceed with a transaction. Respondent 9 said:

“the process to build that trust takes time and takes effort and like I said the more content there is in the discussion back and forth the more trust you build but if you are looking at different properties, like 10 different properties, that... All of those interactions take time and you actually only going to set it on one property.”

In saying that, once the buyer has found a seller that is seemingly legitimate, the buyer found the sellers to be forthcoming with information and the interactions to generally be very positive. When asked to describe their experiences with sellers they ultimately transacted with, respondent 8 said:

“Every communication I've had guys have been respectful and, you know, willing to help out and answer questions that you have, ja there's no holding back.”

In order to gain an understanding of the extent to which buyers perceived the information provided to be accurate and reliable, respondents were asked if they have ever bought off a C2C site without verifying the information. From the data gathered it is evident that buyers portrayed little trust in the accuracy or validity of the information. All respondents confirmed that they would never buy an asset off a C2C site without first viewing it.

In the instance when geographic distance meant that respondent 10 could not view the motorbike himself, he asked a friend in said area to view the asset on his behalf to confirm

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whether it was in line with the details provided by the seller. The only exception where an item was bought without being viewed was by respondent 6 who mentioned that he would not buy off a local site without first viewing, however he said thereafter:

“Because I can't trust, I can trust the person. I can't, its, I guess it's strange where I think vanilla service, if you like in e-bay, where I bought a guitar off e-bay before; that's customer to customer, who was a guy in America who had a guitar and I bought it from him and that's was, that's a fourty five thousand rand guitar which I sent to America, I sent rands to America and I got a guitar in the post two weeks later. So there was, I mean I clearly trusted him through e-bay.”

When asked why he was comfortable buying off Ebay without viewing and yet not on local sites, he said:

“I think because he had a higher like e-bay rating, like a preferred seller, he had five stars, had done a hundred transactions before, that kind of thing, he had a profile which seemed legit.”

The above example illustrates the efficiency at which transactions can take place when reputational capital is present. The reputation was built through the user feedback and rating systems on the Ebay website and allowed the buyer to have a higher reason to trust the seller from the offset. The e-bay rating system provided sufficient information about the seller for the respondent to validate and feel comfortable enough to purchase the item without first having to view it.

The data shows that the majority of respondents validated the information they required through photographs, 3rd party referrals or feedback, or personally seeing the product first hand before purchasing. If these means are not available, the buyer is not able to establish an adequate amount of trust to proceed with the transaction. Respondent 7 said:

“Whenever I went to go view the asset I can see straight away on Facebook, so it's one of the first things I do, I mean this TV, this couch, everything. I can look at Facebook, I can look at the person and get a greater idea of it before I even go

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there..."

In summation, due to perceived illegitimacy of the collective group of sellers on Gumtree, the disposition for buyers to trust is initially low. This results in substantial time spent sifting through potential sellers to find those that are trustworthy. This trust is built through positive interactions with the sellers who are forthcoming with information and show mutual respect in concluding a successful transaction. This suggests that there is little upfront and immediate trust during initial contact, but rather that trust is built up through continued interactions. Unfortunately, this is an inefficient process as the resources such as time and money spent building that trust means that the financial benefit required by the buyer is substantially higher than if there was a greater presence of positive reputational capital from the outset.

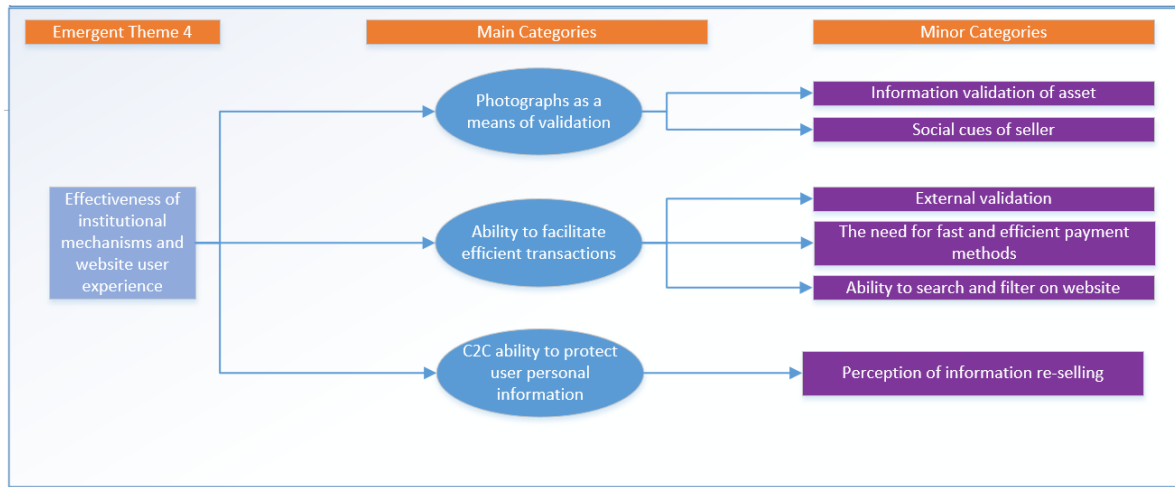
5.1.2 Secondary Research Objective two

To understand South African C2C e-commerce buyers' perception of institutional mechanisms.

Due to the high-risk perception of transacting with sellers on C2C websites, buyers actively seek to validate the legitimacy of the transaction as established in 5.1.1. In order to understand how buyer's perceived current institutional mechanisms and their ability to facilitate transactions, question 4 and 5 of the interview brief were asked. The data highlights the role photographs play in terms of validating the asset in the transaction however suggests that C2C websites are not adequately facilitating key aspects of the transaction process between buyers and sellers, namely the flow of information and the means to transact via payment methods. In addition, insights into the poor perception of the C2C websites being legitimate businesses may lead to further inefficiencies during the transaction process. See figure 8 below:

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Figure 8: Theme 4 – Effectiveness of institutional mechanisms and website user experience



Source: Figure created by researcher

The findings in 5.1.1.2 and 5.1.1.3 portray the high level of risk perceived by buyers when transacting on C2C platforms. Several questions were then asked to gain an understanding of the buyer's perception on the effectiveness of institutional mechanisms and their website user experience when transacting on C2C websites. Firstly, respondents were asked what the largest limiting factors are when transacting through C2C websites. Respondent 2 said:

"I think anyone who doesn't do it is maybe not too au fait with how these e-commerce sites work, maybe think there are easier ways to transact and if that means buying a brand new product from a local store to give you that sense of comfort that you bought something that's got a warranty or guarantee attached to it and that's conveniently available and is a set amount across the till, using a number of different methods to pay for it, it might give you a sense of comfort then by all means go ahead and do that but I think there is a lot of joy in consuming products that can be more reasonably priced through a consumer to consumer website allowing you to purchase something that was someone's previously loved item for less and being able to build a, that client experience and sometimes I think its quick transactions, easy transactions but you share a common interest with a buyer or seller you could start a friendship or whatever it may be."

Interestingly, as outlined above, several respondents intimated that they found a sense of

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pride in having been able to 'figure out' how to successfully transact through C2C websites. Respondents who actively buy and sell have a sense of accomplishment when they are able to make a purchase that results in a financial saving, despite the possible risk involved.

i) [Photographs as a means of validation](#)

Following this, respondents were asked what mechanisms, in their opinion, are necessary, to be provided by C2C websites in order for them to be willing to transact. The most prominent feedback cited the importance of pictures in adverts. Respondents were never questioned directly to comment on pictures, however all respondents raised this as a critical element to an advert in order for them to consider making contact with the seller. Respondent 2 said: (Refer to appendix 4 for further quotes by respondents relating to the importance of photographs)

“So having a picture yes is a bonus or I suppose mandatory for me to click on the advert and then whether its good quality or bad quality does make a substantial difference as well, and I think having a number of different interactions of pictures from different angles, understanding whether it's, for example if it's a car, having a number of angles of the vehicle to understand that it hasn't been panel beaten, broken, bashed and then possibly one of two pictures, so that you know there's an engine sitting under the bonnet and then maybe one or two interior shots to give a sense of comfort that it is leather as described in the advert for example, and that it's not missing a steering wheel.”

The above demonstrates the importance of pictures as a means to validate information as outlined in 5.1.1.3. In addition, findings show how asset-specific pictures enable buyers to ascertain the required information on the asset. As in the response above, the respondent feels it is necessary to see pictures of the interior, multi angle pictures of the exterior and the engine. By providing a 'holistic view' of the asset via pictures, the buyer is able to successfully validate the condition of the asset and the willingness to transact increases. Several respondents look for social cues in the pictures to further establish legitimacy of the seller. Respondent 7 said:

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"I generally just look at the asset but if there are other key things in the picture, like I can see this oke is selling a TV but it's in a shack or something I might think "this was stolen, I probably shouldn't buy something that was stolen"

The above highlights the importance of photographs in adverts however respondent 6 made the following statement:

"the thumbnails on the goods are always very small so you have, you can't just make a snap judgement, you have to go and then sift through these photos which are often taken with the crappy cell phone camera"

The data indicates how a critical aspect of the buyer's validation of asset legitimacy is achieved through photographs. Where photographs are not asset type appropriate, are of poor quality or are missing from the adverts, the buyer is unable to validate the asset and is less willing to engage with the seller. Additionally, from a website usability point of view, data suggests that C2C websites could improve the buyer's ability to assess photographs.

ii) [Ability of the current mechanism to facilitate transactions](#)

Respondents were also asked to what extent they would rely on information regarding the sellers past transaction behaviour provided via the website. As seen in 5.1.1.3, buyers actively seek to verify information on sellers in order to determine their legitimacy. Apart from viewing the information provided on the site regarding the volume of items the seller has previously sold, all validation needs to take place outside of the C2C platform through mediums such as Facebook to determine whether there are any mutual friends, as well as search for social cues regarding the person. Respondent 2 and 5 respectively said:

"it gives you that sense of comfort it doesn't have to be transparent directly with you that you have that information, it could be with the site, that the site say we commit to keeping that information confidential, not sharing it with anybody else but we need to verify it so that we can tick the boxes for the end seller or buyer.

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"I think if I knew more about the person before, or... I'll use air BnB as an example, they're a ... they've got a profile, they've got reviews, people have ratings. As soon as you've got ratings and reviews and writeups and they've got their own profile and a photo about themselves, you get more trust, I think it's a lack of trust which causes us not to use Gumtree. There's been times when I haven't bought something uhm and would rather buy it from a shop just because there is more trust."

The above highlights the importance of this information to the respondents and illustrates how an initial layer of trust can be formed even before interaction begins, translating into time and resource saving for the buyer. Currently on Gumtree, the only available information on the seller is the number of items the user has sold. This however does not indicate whether the buyers from those transactions were satisfied with their purchase and whether there was a positive outcome; the information on the website provides limited information for buyers. An interesting insight into these feedback mechanisms is that the value placed on this information provides the buyer with a strong sense of the seller's future behavior as a result of their past rating and selling history. Respondent 6 said:

"yes, it does build trust in me, and I do see it as an indication of future behavior, definitely. You almost think that this person has their little business and they derive an income from it, so it's important to them, that they maintain their reputation so they can continue selling."

Respondents were then asked to describe the payment methods used when transacting. The data shows that cash is the most prominent form of payment. Respondent 2 said: (Refer to appendix 5 for further quotes by respondents relating to cash payments)

"with bank to bank transfers and understanding that you can reverse EFT's on certain electron transfers on certain banking sites and with withdrawing transactions within 24 hours, I've strictly engaged, on personal basis, it's just a cash transaction. I know it's not most efficient but I think it's a commodity that we can all relate to and it's quick and easy. I know it's not safe so I would like to see a safer element in which we can engage.... So I think I've personally gone most probably the unsafe route but it's because its simple, instant, and you can verify it and know its legitimate and transact

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in cash. I think that's the most easiest way I've done so far.”

The respondent's primary reasoning for this was due to the fact that cash allowed for the quickest and simplest means of transacting. Concerns raised around electronic fund transfers (EFT's) cited the main issue being that the transfer did not reflect in the sellers account immediately as well as the fact that sellers generally do not like EFT's as the proof of payments were often falsified by illegitimate buyers. Therefore, although buyers recognised the security issues related to carrying cash, they reasoned that it was the best option overall as this medium allows for fast and trusted transactions to take place.

in order to gain an understanding of respondents overall experience when using C2C websites, respondents were asked to provide insight into their overall user experience when using their respective C2C websites. The most prominent items listed were header filtering and advertising, with some respondents being highly satisfied with the search and filtering capabilities on the websites whilst others stated that they became frustrated with the irrelevant seller adverts provided in their searches. These two opposing and somewhat conflicting views are illustrated by respondent 5 and respondent 6 respectively below:

“I mean generally the search, there's search bars or you know they quite, they quite good, you know they very detailed and generally all the items that I've looked for... there's so many online.”

“I guess not that easily, if I think about it, it's very cluttered and I don't know if the search engines on those sites are very good. so sometimes maybe you'll search "washing machine" and you'll get five washing machines but you'll also get washing powder and like a washing line for whatever reason, so it is quite cluttered and... you definitely have to sift. the pictures, the thumbnails if I'm like hyper-critical, the thumbnails on goods are always very small so you have to, you can't just make a snap judgment, you have to go in and then sift through these photos which are often taken with a crappy cell phone camera, although cameras are better now.”

In addition, many respondents commented on the inaccuracy of the 'paid for' advertisements when filtering on the site, citing that often they would search for an item and then most of

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the adverts which appeared in the banners were often unrelated to their search, which caused them frustration. Respondent 9 said:

“there’s a lot of adverts that come up in the beginning. So, like a particular good you might be searching is in a category, like, I don’t know... You’re searching for a motorbike tyre but all of the motorbike dealerships have bought those keywords or however it is they do it, so there’s 8 like adverts about brand new motorbikes that you are completely not interested in which is frustrating and it forces you either lower down the search page or onto the next page where you actually find the goods that you actually need... So, I actually wouldn’t say it’s easy to navigate, I’d say there’s other sites, talking specifically Gumtree, that I just find easier. I get a little bit flustered on Gumtree... There’s a lot of information all on one page, plus there’s the adverts in the top plus, I’m just trying to imagine the page, there’s stuff on the right, there’s stuff on the left, there’s all sorts of stuff going on and it, it makes it sometimes difficult to find exactly what you need.”

iii) C2C ability to protect personal information

Following this, respondents were asked how safe they perceive C2C websites to be regarding the protection of their personal information and what they believe the websites do with their information. Respondent 1 and 6 respectively said:

“I think the level of fraud is getting so high, giving out your credit card details and that kind of thing, you’ve gotta have uh some kind of confidence that um the website is verified for security and all that”

“Gumtree in my perception it is quite sleazy so I wouldn’t even expect them to have elaborate security protocols, like I wouldn’t throw personal information on Gumtree except for maybe a cell phone number or an email address.”

The above suggests that the overall perception from buyers is that C2C websites are possibly not adequately legitimate businesses. Buyers noted that C2C sites generally do not earn funds from the transactions that take place between buyers and sellers on their website.

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Sellers are allowed to place advertisements for free, and no fees are charged in the transaction process. This is because C2C sites generally rely predominantly on paid for, B2C advertising on their sites due to the high volume of traffic. In light of this, respondents have the perception that C2C businesses attempt to find alternate means of generating income, one being selling on from their database of clients contact information. As a result, respondents generally provide as little personal information as possible, using separate email addresses. Respondents 3 and 9 respectively said:

“I used to have three email addresses, one of which was pure spam, one was personal and one was work and I used to use the pure spam one for any sites or anything I went on where I knew I wasn't going to be receiving any serious sort of information.”

“I hope they do, I don't know for sure. So, I mean, I think the information I would put on the site would be very limited... In terms of, in terms of, if I as a, if I was buying something, I mean it would really only have my name and my email address and my phone number. I wouldn't go and put my ID number, banking details any stuff like that on Gumtree.”

As illustrated above, as a result of the perception of information on-selling, people tend to provide minimal personal information. This is an interesting insight, because if the same perception is held by sellers, this can contribute to a decrease in the level of trust between buyers and sellers. In 5.1.1.1, the findings illustrated the importance of sellers being forthcoming with sharing their contact information in that the more contacts methods are available, the greater the trust between the buyer and the seller. If sellers are providing minimal personal information because they are concerned about being spammed, buyers will most likely perceive them as being less legitimate. This is illustrated below in the response by respondent 4:

“So my initial thought is often the communication channels aren't really set up properly, you know sometimes you'll look at an advert and it will lack something, such as a phone number or you can only drop them an email or sometimes the particular platform such as Facebook or Gumtree, only has their own messaging system to

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work with, and I find that sometimes is a barrier if the seller is not, you know, willing to open up those channels.”

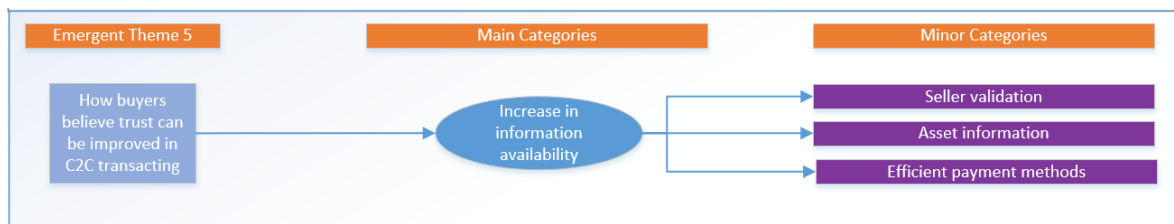
In summary, the overall perception of the legitimacy of C2C websites and their ability to efficiently facilitate transactions from a buyer's perspective is poor. Current mechanisms do not allow for adequate information to be gathered, and as such, buyers have to make use of alternate methods to establish the legitimacy of sellers and assets before transacting. In addition, the lack of an efficient and safe method of payment has led to the primary means of transactions being performed via the cash payment method which is ultimately inefficient and risky.

5.1.3 Secondary Research Objective Three

To determine how institutional mechanisms can enhance social capital between buyers and sellers.

The findings in 5.1.2 suggest that current institutional mechanisms are not adequately enabling trust from a buyer's perspective on South African C2C websites. Respondents were therefore asked how they believe transactions could be conducted more efficiently. From the data collected, it is evident that the primary inhibitor to allowing efficient transactions is the lack of information flow between the parties. In line with the findings in 5.1.1, due to the social complexities and low disposition to trust from the onset, buyers require information on the asset as well as the seller in order to develop enough trust to proceed with a transaction further. See figure 9 below:

Figure 9: Theme 5 – How buyers believe trust can be improved in C2C transacting



Source: Figure created by researcher

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During the interviews, respondents were asked how they believe risk can be reduced on C2C websites in order to improve the buyers experience when transacting. Interestingly, when respondents were probed if they believe C2C platforms in South Africa should provide mechanisms to help validate and facilitate the transactions, some did not believe this was the role of the website. Respondent 7 said:

“I think Gumtree is just there as a classified section, essentially for the buyer and the seller to link up. They make money off bumping up their adverts and advertising on the website. That's their business part of it. I understand that some people don't understand that.”

Due to the importance of there being a substantial financial benefit for buyers to justify transacting on C2C websites, it is presumed that respondent's suggestions for ways to improve C2C transacting were centered more around ways to increase information on the seller and on the asset. This was perceived by buyers to be the biggest obstacle to overcome when transacting. The time it takes buyers to build up enough information and trust in the seller often meant that it no longer became feasible to transact. Respondents 9 and 7 respectively stated:

“the process to build that trust takes time and takes effort. It's almost inconvenient to a degree I would say, where it's much more convenient just to go to the shop and buy something.”

“So that's probably one of the biggest things at the moment, is time that it takes to do that and validate the... Validate the seller and what not.”

Respondents stated that because it was so simple to place an advert and because multiple adverts could be placed, this was perceived as a risk. Respondent 10 said:

“I think I would rather use something like Auto-trader which has a high level of entry and a bit more regulation... Than a Gumtree where, you could go and make 20 ads tomorrow, you know?”

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Therefore, suggestions supported more effective barriers to entry for sellers as this was believed to deter illegitimate sellers. Respondents 3 and 12 respectively said:

"I would love for the site to have a little bit more control over the participants and it's difficult for them to do that because it is open to anybody."

"so I think on the placing an advert on the site, I would, I would make it a little more stringent than it is at the moment... not necessarily in terms of a financial cost to place an advert up but I think that could be a bit more kind maybe security steps you need to go through in order to make sure that it's a proper ad... that the advert isn't just a guy or a girl kind of putting up something that promotes themselves or that does something that's unrelated completely to the, to a product... so I would make the criteria to place an ad slightly more difficult because then they going to go to a different site... but think that could also, that could filter out a few of the, the guys who are trying their luck... as opposed to, as opposed to genuine sellers or buyers of items. so that would be on the one side that could also help the filtering process and make the site a little bit more easy to sift through..."

In addition, buyers suggested C2C websites to gather more information on the seller and validate them prior to posting their adverts. Respondent 1 said:

"Any way that that type of website and the C2C environment could give you comfort that, that the sellers on that website are legitimate would be a, would be a fantastic plus, but it's quite a challenge, it's quite a difficult thing to do because the website themselves don't know the, they are offering a platform for people to transact, they're not, unless they pre-qualify sellers in some form, maybe that is one answer, is that they prequalify sellers to make sure that, I don't know how easy that would be, to make sure they have the money, and how can a website vouch for the legitimacy of the products that are being sold"

Over and above additional information regarding the seller's previous behavior through the adoption of user rating systems, respondent 10 said:

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“The problem that you had on there was...anyone could post an ad... But you earned sort of rating points every time you sold. So, you would build up your sort of, seller reputation almost. So even though you were strictly banned, if it came out that you were a dealer... You were banned from selling you had to register as a dealer but you would find people who were like, sort of like you a bit I guess... Who would buy and sell three computers in a year... And all the various parts, they might have 100 points and sellers would leave comments almost like an Uber review, you know like how on Uber you're a five-star seller, I mean a five-star driver. You would be like a five star seller and what that meant is on that website if someone had more than 50 reviews, I would buy and let them ship from, from flippen... Botswana if they wanted to... Because they've got this, sort of, proven track record from other peers”

Secondly, and in line with the findings in 5.1.2 regarding the importance of pictures or photographs, respondents suggested mechanisms that would increase the amount of information they could gather on the asset before viewing it in person. Several suggestions for video functionality were proposed and were motivated by the ability for the buyer to further validate the asset. Respondent 2 said: (Refer to appendix 6 for further quotes by respondents relating to video functionality)

“I think that would be an awesome additive to an advert. I think it would give you a sense of a better visual experience. I suppose a buyer would understand that a seller could talk over the advert and walk you through whatever you are buying and I think a video would definitely enhance the experience and increase the sense of trust on that possible sale”

Lastly, respondents suggested alternate payment mechanisms that would further enhance their willingness to transact through C2C websites. Participant 1 said:

“You want to make the experience when you pay quick easy and safe. I think anything that did that would be a massive uh benefit to C2C websites and Gumtree in particular.”

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All the recommendations highlighted have the common objective of permitting buyers and sellers to interact more efficiently. Due to the complex and diverse social environment in South Africa, the evidence in 5.1.1 suggests that there is a low initial disposition to trust others. In an environment such as with C2C websites which is perceived to be inherently riskier to transact within due to the lack of recourse and protection in purchasing second hand goods, there is a heavy reliance on the ability to gather pertinent information in order for the buyer to be willing and comfortable to transact. Therefore, in line with the finding in 5.1.3, buyers actively seek mechanisms that allow them to gather and verify relevant information on the asset as well as the seller. This process allows for the buyer to build up trust to a sufficient level to be prepared to transact.

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Chapter 6: Discussion of Results

6.1 Introduction to results discussion

Data was gathered through 12 semi-structured interviews with individuals who have purchased items off C2C websites in South Africa. Through the coding process, data was grouped into categories and then organized into themes allowing for the findings to be presented in line with the three secondary research objectives as laid out in chapter 3.

The purpose of this chapter is to provide an interpretation of the results from chapter 5, thereby linking the findings to the academic literature covered in chapter 2. In doing so, this chapter will provide clarity and determine the congruence between the findings and literature. Once again, the structure of this chapter will follow the three secondary research objectives, ultimately allowing for the primary research objective to be answered being: to understand social capital in the South African C2C e-commerce market in order to increase buyers' willingness to transact through effective institutional mechanisms.

6.2 Discussion of Results

6.2.1 Discussion of Results: Research Objective One

Secondary research objective 1: To understand the components of social capital within the South African C2C e-commerce environment.

6.2.1.1 Theme 1: Buyers perception of communication efficiency

From the literature studied, Huang et al. (2017) indicates the importance of cognitive capital in exchange relations. Shared language, a critical aspect of cognitive capital, refers to the "extent to which one uses common terms, communication pattern and narratives in the communication process" (Huang et al., 2017, p. 97). When present, shared language is said to assist in facilitating communication efficiency since less effort is required by both parties (Yun et al., 2015). Moreover, through the presence of common conceptual apparatus, shared language allows for similarities between the buyer and the seller to be more readily anticipated in the communication process, allowing buyers perceive sellers as less

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psychologically distant (Huang et al., 2017).

i) [Ease of information exchange](#)

The data results demonstrate that due to social complexities in South Africa, more often than not, communication is a barrier to efficient transactions between buyers and sellers. Although respondents indicated that in general they had positive interactions with the sellers they had dealt with, many of the interactions with potential sellers that they made contact with in their initial search were negative.

Respondents indicated that this was primarily due to the majority of potential sellers not providing adequate information during the initial interaction. Evidence from the interviews suggests that if sellers are not able to communicate the desired level of information effectively to the buyer in the initial interaction, a sense of distrust is created by the buyer and they become disinterested as this may lead to misunderstandings further down the line. In addition, more effort is required by the buyer in order to establish the required information to successfully evaluate the product. As a result, the buyer would prefer to engage with sellers with whom there is greater ease in communication.

ii) [Communication channels](#)

Whilst respondents confirmed that the communication channels available to them sufficiently allowed for them to communicate with sellers, respondents raised the issue that many sellers did not provide the necessary personal information to allow them to make use of these channels. The only compulsory contact information required in order to post an advert on C2C websites in South Africa is an email address, however data from the interviews suggests that this is not the preferred means of communication for buyers.

Respondents indicated that sellers are generally slow to respond to emails and secondly, the data shows that respondents preferred communicating over whatsapp or telephonically as they were able to gain better insight into certain social cues regarding seller through these channels so as to be able to determine the legitimacy of the seller.

In conclusion, cognition-based trust is grounded in a seller's self-perception and self-

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interest, which grows from the cues of a seller's performance (Kim et al., 2016). The findings from the data collected support the literature as respondents who were not able to efficiently communicate with potential sellers due to cultural differences, language barriers and the inability to easily gather required information. The inability to easily communicate led to respondents perceiving the sellers as untrustworthy and were not willing to communicate further, choosing to pursue to engage with sellers where there was less resistance.

6.2.1.2 Theme 2 – How Buyers form a perception of the seller

Structural capital was identified in the literature as the overall pattern of connections between people within a social unit and how these connections allow for information and resources to flow (Huang et al., 2017). Being an antecedent of relational capital, structural capital suggests that trust can be built based on frequent and positive interactions between buyers and the community of sellers over time, allowing for the development of respectful and reciprocal relationships (Chen et al., 2017a).

i) [Initial interactions](#)

The literature studied identified that the inherent nature of online transactions results in the majority of the transactions between buyers and sellers not occurring face to face (Pavlou & Gefen, 2004). As a result, traditional methods of evaluating a seller's legitimacy are not available in C2C transacting (Sullivan & Kim, 2016), which means that buyers need to rely on other social cues to determine the legitimacy and intentions of the transaction (Jones & Leonard, 2014).

The data shows that buyers actively seek to determine the similarities between them and the seller from the offset. This is achieved initially through assessing the language in the sellers written advertisement allowing inferences to be drawn on the commonality of language between the two. Thereafter, the buyer will make contact with the seller, preferably via whatsapp or telephonically, as these methods of communication allow the buyer to further assess certain social cues such as the seller's accent, language used and, in the case of whatsapp, the seller's profile picture.

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Liang et al., (2017) suggest that the greater the social ties in a network, the easier information will flow, resulting in better trust between buyers and sellers. Kim et al. (2008) argue that the concept of familiarity is a pre-condition of trust. Corroborating this, the data shows how social ties such as mutual friends have a positive impact on buyer's confidence when engaging with sellers. Familiarity is established and thereby, through the process of interacting with sellers, trust is developed.

From the data it is evident that stereotypical conclusions about the seller are deduced based on the information gathered, allowing the buyer to form a perception of the seller's similarity to self. Based on these conclusions, the buyer will decide whether to engage further or pursue interactions with sellers where less effort is required for effective communication.

ii) [Information Quality](#)

Yun et al. (2015) found that Information quality, which refers to the quality, accuracy and completeness of information provided by a seller is an antecedent that can develop cognitive based trust. Acquiring and processing honest, high-quality information is crucial for decision makers whilst in the process of searching for their product of choice (Kim et al., 2008).

González-Benito et al. (2015) suggest that the intangibility that is associated with online shopping does not apply evenly to all product categories. The data presented in chapter 5 demonstrates that buyers seek different information regarding the seller and asset according to the type of asset being sought in the transaction. While González-Benito et al. (2015) found that the highly standardised nature of some products means that consumers may be quite familiar with certain products and therefore require little to no physical verification, the data collected from the interviews suggest that in the South African C2C environment all buyers required physical verification of the asset before they were willing to purchase.

Whilst the above relates purely to the need for asset tangibility in C2C transactions, the findings further show that the extent to which social relationships are sought after with the seller depends greatly on the asset type that is being purchased. This is demonstrated through respondent 9's response:

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“when you going into a property it's not say just like buying a good and then that's going to be the end of it... You know, whether it breaks or whether you lose it, it's a property you could be in for a year or two years so your relationship with the seller is going to be over an elongated period of time so when you're renting a property I think it makes it even more important to gauge the guys trustworthiness or the lady's trustworthiness before.”

As demonstrated in 5.1.1.2, the majority of buyers do not seek to develop social relationships with the seller, but rather that the primary function of interacting with the seller is to be able to ascertain information on the asset and assess the legitimacy of the seller. Respondent 9 was the only participant whose purchase was not a 'once off' purchase. Due to the fact that respondent 9 was looking to rent a property over a two-year period, this meant that he would have multiple interactions with the seller over this time. As such, the respondent required multiple interactions with the seller to establish enough trust in order to form a perception of the seller's ability to perform as a landlord. Filieri, Alguezaui and McLeay's (2015) definition of trust which is “one party's confidence in an exchange partner's reliability and integrity” (p. 23) supports this.

Therefore, the data suggests that although in all situations buyers seek to determine the seller's reliability and integrity, the nature of the asset, the time period over which it is consumed as well as the dependence on the seller post the sale, ultimately determine the buyer's frequency of interaction and the information that is sought after during interactions with the seller. As such, when there is a dependency on the seller post-sale, further analysis of the seller is done over and above assessing seller legitimacy, with an emphasis on longer term dependability and reliability cues.

Huang et al. (2017) suggests that the frequency of interaction in structural capital enables both parties to establish a common point of view and to get to know each other better. From the data collected, this is supported by evidence where respondents found that the more they interacted with the seller the greater trust they developed in the seller. This is due to the fact that through multiple interactions, the buyer is able to ascertain additional information about the asset as well as establish confidence in the seller.

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In conclusion, due to the fact that buyers have little first-hand knowledge of sellers (Huang et al., 2017), buyers pursue direct interactions with sellers in order to establish their legitimacy. Through these interactions, buyers assess the seller's competence, benevolence, integrity and predictability, all of which are otherwise described as interpersonal trust (Li et al., 2012). This process, Li et al. (2012) propose, is grounded in the characteristics that are specific to the individuals involved in the transaction. The findings from this study suggest that this is largely done through stereotyping the seller based on social cues attained through interactions as well as the quality of the information provided. Somewhat contrary to Huang et al. (2017), there was little evidence supporting the pursuit of social relationships with sellers, unless there are post-interactions necessary with the seller due to the nature of the asset or service being purchased.

6.2.1.3 Theme 3: The presence of reputational capital in C2C interaction

Reputational capital refers to the extent to which interpersonal relationships have formed within a society and therefore the degree to which social interactions are based on mutual trust, reciprocity and respect (Huang et al., 2017). However, the largely impersonal nature of online transactions commonly leads to a real or perceived vulnerability to exploitation by sellers (Li et al., 2012).

In C2C transactions which are characteristically once off in nature leads to buyers having a Fear of Seller Opportunism (FSO) which is one of the most commonly cited negative influences on buyers' trust in C2C e-commerce (Liang et al., 2017). Sellers can act opportunistically by providing misleading information due to information asymmetry (Chen et al., 2017b), failing to deliver on promises, and the lack of recourse due to transaction being conducted with individual sellers (Jones & Leonard, 2014).

The above factors lead to a high perception of risk by buyers when transacting on C2C websites. The literature suggests that FSO can be overcome through the presence of affect-based trust which hypothesizes that the positive reputation of the selling entity has long been considered a key factor for reducing risk and cultivating trust between respective parties (Pavlou & Gefen, 2004).

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i) Perception of transacting on C2C websites

The ambiguous nature of C2C transacting, Li et al., (2012) suggests, leads to a lower disposition to trust by buyers which refers to the general attitude and propensity for risk each party has towards trust in transactions. Both Pavlou and Gefen (2004) and Yoon (2009) explain that trust transference occurs by the community of buyers in an online context, in that buyers use their perception of a few sellers as a proxy to form their perception of the entire community of sellers. From the data collected, there is little evidence to suggest that buyers have initial trust when transacting on C2C websites as respondents held the perception that there are many illegitimate sellers in the C2C community.

Buyers perceived sellers to commonly provide inaccurate information. In addition, citing the low barriers to entry, allowing illegitimate sellers to post adverts whilst providing little personal information. Due to the perceived risks involved, the data shows that many respondents put a limit on the value of goods they were willing to buy through C2C websites to reduce risk with other respondents citing that there are certain assets that they would not buy, such as items that are hard to validate or items that can easily be faked.

In addition, due to the poor perception of the community of sellers, buyers required substantial financial incentive to be compensated for the perceived risk of transacting through C2C websites, citing prices up to 50% less than their value in order to justify the risk.

ii) Extent to which information needs to be validated

Clemons et al., (2016) suggests that in markets where there is less mutual trust between buyers and sellers, greater value is placed on assurances such as payment services and feedback mechanisms as a means to facilitate trust. Further evidence into buyer's low disposition to trust sellers is supported through the buyers need to validate information on the seller as well as on the asset before they were willing to conclude the transaction.

From the data collected, all respondents stated that they would not purchase an asset through a C2C website without first validating the asset. The initial validation was done

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through examining photographs provided to assess the condition of the asset and comparing the visuals to the information provided in the advert. Thereafter the buyer would contact the seller and further validate the information. On higher value items such as the vehicle purchased by respondent 1, information was externally validated where accident history and confirmation of warranty with the manufacturers was confirmed prior to purchase. These additional resources required to validate information by the buyer further contributed to the need for financial incentive to make the transaction financially beneficial.

The importance of reputational capital and the efficiencies that can be derived by its presence was made evident in the purchase of the guitar by respondent 6 through Ebay in the United States where sufficient information was provided through the seller's history on the website, resulting in adequate trust being developed for the respondent to be willing to purchase the asset without prior viewing. Due to the information provided through the C2C website, the respondent developed sufficient affect-based trust to not feel the need to further validate the information, and he was willing to conclude the transaction without having to expend additional resources such as time and money validating the legitimacy of the asset or the seller.

There is sufficient data to conclude that there is a low presence of reputational capital in the C2C community within South Africa. The poor perception of the community of seller's results in the buyers having a low disposition to trust from the offset. As such, buyers actively seek information to develop confidence and trust in potential sellers, however due to the lack of efficient mechanisms adopted by C2C websites, buyers need to personally validate this information through multiple interactions and external validation. The inefficient nature of this process results in substantial financial incentive being required and therefore many buyers are only willing to purchase lower value items.

7.1.5 6.2.2 Discussion of Results: Research Objective Two

Secondary research objective 2: To understand South African C2C e-commerce buyers' perception of institutional mechanisms.

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6.2.2.1 Theme 4: Effectiveness of institutional mechanisms and website user experience

Yoon (2009) identified the primary roles of a C2C intermediary being their ability to cultivate trust and reduce risk, suggesting that this can be done through identifying and removing belligerent sellers, pursuing legal action against fraudulent vendors, or demanding conciliatory action.

Due to the fact that buyers primarily deal with unknown individuals in the C2C online environment, Karimov and Brengman (2014) argue that it is necessary for C2C platforms to use institutional mechanisms to build buyer trust in the community of sellers through transference. Transference allows buyers to place their trust in the intermediary instead of in the individual seller by limiting the seller's ability to engage in opportunistic behaviour and potential risks (Pavlou & Gefen, 2004). Should the mechanisms adopted provide structural assurances and situational normality to the transaction environment, Li et al., (2012) suggests that the buyer will place trust in the institution to successfully facilitate the transaction, otherwise known as institution-based trust.

i) Ability to facilitate efficient transactions

Sullivan and Kim (2018) found the perceived value and reputation of an e-commerce website to be key determinants of trust as the higher the perception of risk in dealing through the website by the user, the higher the trust needed to facilitate future transactions. The data shows that buyers have a poor perception of C2C websites as concluded in 6.2.1.3.

As such, there is little evidence from the data collected to show the ability of C2C websites to facilitate transactions.

Website quality is found to play an important role in influencing a buyer's perception and attitude. The extent to which the buyer perceives the website to meet his/her needs (Yoon & Occena, 2015; Zaman, Jamil & Kazmi, 2016) can assist in the development of system satisfaction as website quality has been shown to significantly influence buyers' willingness to use the website and affect the overall trust in online transactions (Chen et al., 2017b; Yoon & Occena, 2015). Kim et al. (2008) suggest that favourable experiences when interacting with a website can increase the user's familiarity, as reputable websites allow

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buyers to gain useful information, transact easily and make use of high-quality services, allowing for an enhanced transactional experience for the buyer and seller (Yun et al., 2015).

The data shows that there was insufficient information provided by C2C websites on both sellers and assets to compensate for the buyer's low disposition of trust. As such, buyers were required to obtain this information through external means, leading to additional but necessary time and money resources being spent in order to be confident in the seller's trustworthiness. Due to the lack of information provided, the data shows a large emphasis being placed on the information that is provided such as photographs in adverts as a means for buyers to determine asset legitimacy. Photographs provided by sellers enabled buyers to assess the condition of the asset as well as the accuracy of the information provided in the advertisement, however they found that the quality and angles of the pictures provided were often not sufficient to do so. Furthermore, the data shows how respondents look for social cues in the photographs provided to ascertain further information on the seller.

In addition, respondents expressed frustration around the inaccuracy and quantity of paid for advertisements on C2C websites, citing that the information provided was often unrelated and inaccurate. As such, the advertisements 'cluttered' the pages and detracted from the users experience when searching and interacting on the website.

Lastly, evidence shows that C2C websites in South Africa do not provide a safe and efficient means to transact financially since the primary means of payment by respondents was via cash. Respondents noted that although this was inconvenient and unsafe, it was the only means that allowed for fast transactions to take place.

ii) C2C ability to protect user personal information

Karimov and Brengman (2014) explains that consumers are hesitant to provide personal information to online vendors due to the risk of their information being stolen by hackers or re-sold to third parties. Yoon (2009) found that the use of privacy seals instills confidence in users and results in decreased risk therefore allowing users to be more willing to provide personal information. Privacy seals and third-party certifications on the C2C platform confirm that adequate security is in place to safely store personal information and that this

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information will not be sold on to other companies (Özpolat & Jank, 2015).

The data shows that respondents have a poor perception of the C2C websites ability to safeguard their personal information and as a result are not forthcoming in providing personal information such as banking and contact details. This corroborates with the finding in 6.2.1.1 where buyers expressed frustration in the lack of contact information provided by sellers, resulting in an increase in perceived risk and illegitimacy of the seller by the buyer.

Sullivan & Kim (2018) suggest that in an environment where risk in markets such as C2C is perceived to be higher than traditional markets, website quality can be a strong moderator of trust in facilitating transactions, however there is little evidence to suggest that C2C websites have developed institution based trust in the community of buyers. The perceived inability for C2C websites to safely store personal information leads to users providing as little as possible in order to protect themselves. As a result, trust is broken down by buyer as this limits their ability to effectively communicate with sellers. In addition, the evidence shows that C2C websites do not adequately facilitate the flow of information or payment between buyers and sellers.

7.1.6 6.2.3 Discussion of Results: Research Objective Three

Secondary research objective 3: To determine how institutional mechanisms can enhance social capital between buyers and sellers.

6.2.3.1 How buyers believe trust can be improved in C2C transacting

The literature covered in 6.2.2 outlines the benefits that can accrue from the establishment of institution based trust. The benefits of a C2C market which is able to provide rich, good quality, honest information can enhance the reputation of the selling entity as a whole, as customers will perceive the information on the website to be more trustworthy (Chen et al., 2017b). Dellarocas (2003) suggests that this can be achieved through feedback mechanisms that provide important information on a seller's history through self-regulated reflections provided by previous buyers. Based on the information made available to buyers, feedback mechanisms have the ability to affect both prices and profitability in transaction

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through the development of reputational capital, resulting in a greater willingness to transact and a decrease in information validation costs (Dellarocas, 2003).

i) **Increase in information availability**

A user-friendly website design which facilitates communication between the buyer and seller will invite frequent interaction and provide a platform for social relationships to be developed, leading to an increase in buyers' willingness to transact (Chen et al., 2017b).

The quality and quantity of information provided to buyers can be achieved through feedback mechanisms. Pavlou and Gefen (2004) argue that feedback mechanisms are found to build trust through transference in the community of buyers, as information provided by previous buyers is generally trusted and therefore these mechanisms have been able to provide a low-cost, buyer-driven certification tool for evaluating the community of individual sellers (Lin et al., 2015). The extent to which feedback mechanisms allow for the development of reputational capital in the seller is evident in the data provided by respondent 6 when transacting on Ebay. The data further shows that respondents actively seek this information when evaluating seller legitimacy, however the information is not made available on South African C2C websites, and as a result has to be attained through alternate measures.

Due to the poor perception of the community of sellers, the data shows that respondents suggested ways to increase the barriers to entry for sellers through increasing validation measures performed on sellers. Respondents requested for more information to be provided when listing an advertisement. In doing so, buyers believe that they will be able to more efficiently evaluate the legitimacy of sellers.

For a further means to improve information flow and buyer's ability to assess the asset, buyers suggested additional functionality such as video capability to be added to the websites, citing the primary benefit to be an additional method of asset verification over and above photographs.

In 6.2.2.1, the data highlighted the need for effective payment mechanisms. Whilst buyers cited the primary need was to be able to conclude fast transactions, Mayayise and

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Osunmakinde (2014) suggest that efficient payment mechanisms have the potential to eliminate fraud entirely. In this case, the need for buyers to evaluate seller's legitimacy could be substantially reduced as the risk of payment is mitigated through the transference of dependability to the payment mechanism, allowing for the development of reputational capital through transparent and effective interactions with the seller (Özpolat & Jank, 2015).

Kim et al., (2008) suggests that the presence of privacy seals in the C2C online platform can decrease user perceived risk during transactions and increase trust in the vendor, resulting in users being more willing to provide personal information as well as increased purchase intentions. The data clearly demonstrated the poor perception of C2C websites and as a result, the user's reluctance to provide personal information. This suggests that C2C websites could substantially benefit from the adoption of privacy sellers to build up confidence by their users in the ability of the website to safely store personal information. As the literature demonstrates above, this will result in an increase in willingness to provide personal information which, as established in 5.1.1.1, will lead to a better perception of sellers by the community of buyers.

The above insights from the data gathered clearly demonstrates the need for C2C websites to provide mechanisms such as efficient payment services, privacy seals and feedback mechanisms. In doing so, the increase in information provided on sellers will lead to substantial efficiencies in validation resources.

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Chapter 7: Conclusion and Recommendations

The following chapter on conclusion and recommendations provides the concluding findings on the study as well as recommendations for future research in the C2C e-commerce field. The recommendations are specifically focused around social capital in the South African C2C e-commerce market as its effect on buyer's trust.

7.1 Principal Findings

Through the exploratory nature of this study, the research interviewed 12 buyers on C2C websites in South Africa using semi-structured interviews to gather data. Each respondent gave in-depth insights into their experiences of transacting on C2C websites as well as their dealings with sellers. These insights were aligned with the research objectives as set out in chapter 3, allowing for the detectors of trust when dealing with sellers to be identified and compared to current institutional mechanisms available. The findings highlighted areas where mechanisms were not effectively facilitating trust between buyers and sellers, allowing for recommendations to be put forward. The key findings are as follows:

7.1.1 Social capital in South African C2C markets is a key inhibitor to efficient transactions.

This paper demonstrates that social capital within a community has a direct effect on an individual's behavior when transacting (Huang et al., 2017). The social diversity prevalent in South African society negatively affects the ability for buyers and sellers to effectively communicate having a direct impact on shared language and the ease at which buyers and sellers can communicate. This is found to be an inhibitor in the establishment of cognition based trust due to the seller's inability to provide the required information.

The findings show that due to the low presence of cognitive capital, buyers engage in an information gathering process on the seller in order to determine the seller's familiarity to self. From the information gathered in initial interaction the buyers form a perception of the seller based on social cues allowing for stereotyping to take place. The more the buyer and seller have in common, the less psychologically distant the seller is perceived to be and the less

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willing the buyer is to transact.

Finally, the findings demonstrate the buyers low disposition to trust due to the poor reputation of the community of sellers resulting in an upfront high-risk perception when interacting with individual sellers. Due to the perceived risk of sellers being illegitimate, buyers expend substantial resources validating and verifying information on the asset and seller, highlighting the importance of information in C2C transacting.

7.1.2 Current institutional mechanisms adopted by C2C websites are not effective in facilitating trust between buyers and sellers

In lieu of the social capital environment in South Africa, the study demonstrates that the current institutional mechanisms employed by C2C websites do not sufficiently overcome mistrust nor do they adequately facilitate efficient transactions. In fact, the study suggests that due to the poor perceptions of C2C websites themselves, they could potentially be further contributing to the inefficiency of transactions and deterioration of affect based trust. This is as a result of the perception by the community that C2C websites are unable to safely protect personal information, leading to users providing as little contact information as possible which, as the literature and data demonstrates, is an inhibitor to the trust building process.

The study recognizes the importance of reputational capital as a facilitator of trust between buyers and sellers however determines a key factor allowing for effective C2C transacting is the ability for C2C websites to facilitate information. Due to the low disposition of trust and fear of opportunistic behavior of sellers, buyers require adequate information about the asset as well as the seller in order to develop trust and determine the legitimacy of seller before they are willing to transact. Findings demonstrate that insufficient information flow is provided through the C2C website, resulting in the buyer having to gather and validate this information through external means. This process is found to be inefficient and time consuming for the buyer.

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7.2 Implications for management

The findings from this study provide C2C businesses with a contextual understanding of the social capital drivers and inhibitors of trust in the South African C2C e-commerce community as well as valuable insight into the shortcomings of current institutional mechanisms. The need to increase the availability of information about the asset and the seller is highlighted, identifying the incorporation of feedback mechanisms as a low cost, community driven solution that will result in an increase in buyer's willingness to transact due to the efficiencies gained through information attainability.

From the data gathered, this study demonstrates the importance of quality information. The relevance and accuracy of information provided by the seller is found to be a key determinant in the trust building process of the buyer. The study further demonstrated that buyers seek different information on the asset as well as varying qualities of the seller depending on the type of asset and the extent to which the buyer is reliant on the seller post-sale.

A further mechanism identified is the incorporation of privacy seals to improve buyers (and sellers) perception of a C2C websites ability to protect personal information. In doing so, sellers may become more forthcoming in the information provided to buyers which inherently leads to the development of trust in both the C2C website as well as the individual seller.

Lastly, the findings highlight the need for an efficient and safe payment service to facilitate transacting. In doing so, the dependence of the buyer on the seller will be reduced as well as the risks associated in concluding the transaction.

7.3 Limitations of the research

Section 4.8: Research limitation elaborated on the limitations of this study including the use of purposive sampling and interview bias. In addition, due to the inability of the researcher being able to identify female buyers during the sampling process may have an impact on the heterogeneity of the sample. It is suspected however, that due to the perceived risk involved in C2C transacting as well as the lack of safe payment methods, substantially less females engage in C2C e-commerce.

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7.4 Suggestions for future research

In further studies relating to trust in C2C e-commerce, possible recommendations of further studies are as follows:

- i) The research findings demonstrated the importance of information quality to the buyer in their initial search. When the necessary information was provided by the seller in accordance with the type of asset that was being sold, trust was built through transference. Further research could be done to understand what information is required according to the type of asset being sold.
- ii) This study highlighted the process through which buyers form a perception of the seller and demonstrated that this process and the information the buyers seek in the seller varies according to the nature of the asset and dependence on the seller post-sale. Additional research could be done to understand how the buyers' perception of the seller varies according to the nature of the asset being consumed.
- iii) This study focused specifically on website quality, payment services, privacy seals and feedback mechanisms as a means for C2C websites to build institutional trust. Further research can be done into other mechanisms and their applicability in the South African C2C environment.
- iv) This study added to the work conducted by Huang et al., (2017) as it studies the social capital environment of South Africa. Additional research can further be conducted in other cultures and countries to develop a greater understanding of the differences in social capital between countries.

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7.5 Conclusion

The primary research objective of this study was to understand social capital in the South African C2C e-commerce market in order to increase buyers' willingness to transact through the development of effective institutional mechanisms. Through the data collected, an in-depth understanding of the social capital environment in South Africa was gained. This understanding provided key insights into the factors that decreased buyer's willingness to transact as well as the drivers leading to increased perceived risk from a buyers perspective.

The effectiveness of current institutional mechanisms was assessed to determine the extent to which current mechanisms were able to successfully facilitate transactions. The findings allowed for inferences to be drawn between social capital detractors and the current mechanisms inability to overcome and facilitate trust in transactions.

The data suggests that the perceived risk of buyers transacting on C2C websites can be substantially diminished through the incorporation of mechanisms that improve the quality of information provided on the assets, the sellers previous history and a means to facilitate safe and efficient transactions allowing for the development of institution-based trust and ultimately an increase in buyer's willingness to transact.

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Appendices

Appendix 1: Interview Brief

Q1: Please could you describe to me your experience when interacting with potential sellers through a C2C platform?

Insights into:

- The extent to which buyer can easily communicate and understand the sellers
- Their perception of efficiency and shared understandings when communicating with sellers
- The extent to which their expectations are met when communicating with sellers

Q2: When interacting with sellers, are you able to ascertain the information you require on the good or service you are planning to buy?

Insights into:

- The extent to which buyers feel they are able to gather all the important information from the seller before purchasing.
- The extent to which the buyer feels the information is accurate and correct
- The extent to which buyers enjoy interacting with sellers
- The extent to which sellers are forthcoming with relevant information

Q 3: Please could you describe to me the overall experience regarding the interactions you have with past sellers?

Insights into:

- The extent to which buyers enjoy interacting with sellers
- The extent to which buyers feel there is mutual respect when dealing with sellers.
- The extent to which buyers feel there is mutual trust when dealing with sellers.
- The extent to which buyers feel there is reciprocity when dealing with sellers.

Q 4: Before engaging with a seller, to what extent do you rely on information available about the persons past transaction behaviour provided through the website?

- The weighting the buyer places on this information
- Does the buyer perceive this information to be accurate?
- Does the buyer perceive this info to be a predictor of future behaviour?

Q 5: When transacting on a C2C website, what measures do you believe are required to be provided in order for you to conduct your transaction safely and effectively?

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- The extent to which security seals play a role?
- The extent to which the buyer relies/uses a payment platform?
- Does buyer feel more comfortable if payment system was 3rd party certified?
- The extent to which buyer looks for privacy seals before transacting?
- What do buyers perceive C2C businesses do with their personal information?

Q 6: In order for you to engage and transact with sellers through a C2C business, what systems or processes do you feel should be provided to allow you to transact safely and efficiently?

- The extent to which buyers find the website design and landing page important
- The overall design of the website
- The importance of good quality pictures
- The ease of communication with sellers

Q 7: How do you feel C2C e-commerce platforms could be improved?

- What are their shortcomings
- What do buyers perceive as most risky?
- Overall, how do they perceive C2C platforms
- What are their suggesting and would these lead to an increased willingness to transact?

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Appendix 2:

Dear Sir/Madam

I am currently conducting research to understand social capital in the South African C2C e-commerce market to increase buyers' willingness to transact through effective institutional mechanisms. The interview will therefore be asking participants to describe their interactions and experiences with sellers on C2C E-commerce platforms. This research forms part of my Masters in Business Administration (MBA) at the Gordon Institute of Business Science (GIBS).

The interview for this research is expected to last one hour and will be conducted verbally. Notes will be taken and the conversation recorded. All data will be captured without identifiers and therefore kept confidential and anonymous. Participation in the research is voluntary and you may withdraw yourself at any moment without penalty.

Should you have any concerns please contact either the supervisor or myself via the details provided below

Contact details

Researcher: Gareth Ruttell

Email: 29013594@mygibs.co.za

Tel: 076 982 7454

Supervisor: Ilse Struweg

Email: ilse.struweg@gmail.com

Tel: 083 388 2187

Signatures

Participant: _____

Date: _____

Researcher: _____

Date: _____

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Appendix 3: Quotation Table: Familiarity

R2	I think from a previous experience when you are buying something that maybe you share a common sense of experience around like riding motor bikes or a vehicle, a mutual understanding whether possibly he rode that bike and you try learn a bit more about and build a relationship to some degree before you make that transaction, especially on my side.
R6	So you've got people from different cultures, different language, different backgrounds and you are trying to sort of meet someone on the same page and more often than not you don't. So it's hard to, you know, that they might value certain things that you don't value and vice versa
R7	Yes, no definitely. I think that's also natural human nature, you are naturally attracted to people who you think are similar.....You've seen his kids, you've met his wife that sort of thing, and you saw that they were of similar culture to you and similar understanding,similar sense of humour... And that helps with the trust so I do think those initial interactions held well in giving you some sort of indication into how the relationship will be over the next year or two years and I would say that they're mostly true,you know, if you've dealt with someone that has made you uncomfortable in the initial stages of the initial viewing, I haven't signed a lease with that person but if I was forced to because I really loved the property, I would definitely be inclined to believe that I would have issues going forward... Because that instinctive trust wasn't there in the beginning..... So like you have someone from a comparable background, probably from a comparable culture and you can talk on the same, you talk in a similar language or you use a similar like colloquial tongue.
R9	So, I suppose... If there's, if there's similar culture and similar age group... That obviously helps straight away... Definitely mutual connections so in a small place in Durban, and even in a smaller place like Durban North, if the one guy knew my gran or his kids for example, went to school that my mom taught at, then all of a sudden I have a lot more trust... Obviously it doesn't mean that he's trustworthy just the fact that his kids went to a school that my mom taught at 20 years ago it makes me feel more comfortable for some reason..
R10	yes, you want deal with...I want and deal with an individual with whom I can relate with..... I want to buy from someone who is... Who I can identify with or who is similar to myself...

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Appendix 4: Quotation Table: Importance of pictures

R1	I think its hugely important
R2	I think having pictures is a first so if there is a picture yes or no it makes a big difference. Often I don't even click on adverts that don't have pictures associated with them, even if there is a price and a comprehensive write up.
R3	Ja, photos you definitely need, I wouldn't even look, I wouldn't entertain an advert if it doesn't have a photos
R4	I think foremost is a good picture or a couple of pictures, you know not so as, not hiding anything of the product
R5	pictures, pictures help.most times if you don't see a picture or details you actually just skip to the next advert.
R6	critical, most important. I would say they're more important than words.... You know, all the cards are on the table and everything they have said which might make you anxious about the purchase can be refuted with like a photograph
R7	I generally just look at the asset but if there are other key things in the picture, like I can see this oke is selling a TV but it's in a shack or something I might think "this was stolen, I probably shouldn't buy something that was stolen....."
R8	I think like what's important is I like detail, like a photograph, a nice photograph with, the details of the kite...
R9	So obviously it depends what product you're looking for, but certainly pictures are important... I mean if there's no pictures I think... It's just, it's got no chance really, so pictures are a massive thing..... Ja I've, I remember them being pretty similar, I mean, especially if there's pictures, you can't really fake a picture, you could probably take one at a good angle or whatever the situation is, but you can't really fake it
R10	but for me if there's no photos, so beforehand, that you can't show me a photo of the, of the product on the ad, probably not even going to message you unless it's a niche item
R11	it's easy enough to take a picture with your phone, it's not a big deal. So, if the guy doesn't want to post pictures then, why?
R12	I find they're very important, especially with the type of goods that I'm looking for, or that I have purchased in the past. for example, an iPhone, I don't want to have the screen cracked or chipped and things out of the, you know the sides of the iPhone.

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Appendix 5: Quotation Table: Cash payments

R5	I mean most sellers, because they know it's not going to bounce, or, I think that's, that's when I say I'll purchase cash they will be more willing to meet up
R6	It's all been cash. You hear these terrible stories of people have made money transfers and it never rocking up, so cash is just simpler
R11	ends... Mostly cash because it wants to see the stuff and the guy wouldn't normally want to wait. So, what I have done before, is, I've checked the stuff and then on my phone I've transferred the money and then sent the guy the proof of payment but not, not just like pay and then go and fetch.
R12	Exactly, if they legitimate, as cleanly and quickly as possible because I think they want to obviously be done with the thing and cash it out as quick as possible.... I prefer to use cash both sides, because I know also as the seller I only really want cash so I try... I know EFT's are... kind of safe but there are... have been difficulties in the past. I've heard through friends where guys have kind of put the EFT through, they've sent payment confirmation and then almost pulled it straight afterwards. So, I prefer on both ends, because I know if I'm the seller I only want cash, so I try and do the same for the buyer, or for the seller I mean

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Appendix 6: Quotation Table: Video Functionality

R2	I think that would be an awesome additive to an advert. I think it would give you a sense of a better visual experience, I suppose a buyer would understand that a seller could talk over the advert and walk you through whatever you are buying and I think a video would definitely enhance the experience and increase the sense of trust on that possible sale
R4	Ja, I think a video would be better than just you know photographic images, just because it's a moving object maybe get to see more of it, photos present the opportunity to hide something if there's is something to hide, so a video would be great
R5	would be way more comfortable if you saw the guy start the bike, starts first time, he's close up, it's almost like you are there having a look, it's a high quality video that would be a big win for me. I think that would automatically make his advert you know, a better choice too.
R6	Ja, I think a video would be better than just you know photographic images just because it's a moving object maybe get to see more of it, photos present the opportunity to hide something if there's is something to hide, so a video would be great
R8	Ja, I think a video would be better than just you know photographic images just because it's a moving object maybe get to see more of it, photos present the opportunity to hide something if there's is something to hide, so a video would be great
R10	Ja I guess. Cause you could learn more about the product quicker. So instead of having to ask someone a thousand questions you could see some other stuff and how it works... Also, you might get a bit of a view of the person and sort of their surroundings. So, you might trust them a bit more or less I think. The more you can know about them, a video will let you know faster.

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Appendix 7: Ethical Clearance Approval

**Gordon
Institute
of Business
Science**
University
of Pretoria

26 October 2017

Ruttell Gareth

Dear Gareth

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee