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CONSUMER RISK IN CONSUMER-COMPANY RELATIONSHIP ON MARKET OF PROFESSIONAL E-SERVICES

Introduction

New possibilities created by modern technologies provide sound foundations for building a long-term relationship between companies offering professional e-services and markets they operate on, especially the consumers who are the companies' ultimate market target. This relationship can be developed in a virtual environment where the concept of e-services is implemented and its tools are used, among others, to ensure communication between the customer and service providers, to transfer data between institutions and to allow a direct contact between customers and company representatives. Nonetheless, specific qualities of professional services, and especially their non-material character and expertise-based approach, lead to a situation in which consumers regard the offering of professional services in the virtual environment as very risky. In addition, in view of the global economic crisis, consumer decisions are becoming more carefully-considered and less risky, particularly with respect to professional services that are vital for their households, namely health and financial counseling. Bearing in mind the above, it can be concluded that the problem of consumer risk on the market of professional services is becoming increasingly interesting, both theoretically as well as practically. Hence, the purpose of the paper was to identify the risk perceived by the consumer in their relationship with companies on the market of professional e-services and to determine mechanisms employed by consumers in the process of buying and using these services in the virtual environment.

1. Market relationship and consumer risk – theoretical background

From the perspective of consumers and their market behavior, the category of “relationship” should be considered within the domain of relationship between consumers and companies offering definite products and services on the market. The history of consumer-company relationship goes back to the very beginnings of human existence, company development and consumption. Based on research findings, it was possible to present a consumer-company relationship in a form of a model.

The stimulus-reaction model, referred to as a “black-box” model was the first and the simplest model presenting the consumer-company relationship¹. Another, more complex model is called the model of “consumer decision making environment”, and includes a bigger number of variables affecting the customer (revealing not only consumer-company relationship, but also taking into account the socio-cultural environment of both these subjects), and shows stimuli which can influence consumer buying decisions. Another “black box” type of model is presented by Ph. Kotler’s model of the purchasing process, which identifies input and output factors of the process, and shows, in a more complex way, the influence of various corporate activities on the buyer².

The beginning of 1970s researchers were trying to integrate the existing knowledge and to present the relationship in a holistic way. Scientific analyzes were mainly focused on the process of consumer decision making with respect to consumption means offered on the market³. Initially, the decision making process, or else the process of solving a decision problem was confined solely to consumer’s awareness and assessment of one’s own needs as well as to activities oriented on selection and achievement of means satisfying these needs. In his approach J. Szczepański additionally included activities connected with handling and consuming gained means⁴. The simple decision making model was further developed by Engel, Kollat and Blackwell into the model of consumer behavior and was designed as a complete model, presenting a full problem solution and reflecting the process of consumer decision making with respect to a new purchase⁵. The

¹ L. G. Schiffman, L. L. Kanuk: *Consumer Behavior: Global Edition*. Pearson Higher Education, London 2010.

² M. R. Solomon, G. Bamossy, S. Askegaard, M. K. Hogg: *Consumer Behavior*. Financial Times Press, New York 2010, p. 156.

³ *Zachowania polskich konsumentów w warunkach kryzysu gospodarczego*. Red. E. Kieźel, S. Smyczek. Placet, Warszawa 2011, p. 291.

⁴ L. Rudnicki: *Zachowania konsumentów na rynku*. PWE, Warszawa 2012, p. 137.

⁵ R. D. Blackwell, P. W. Miniard, J. F. Engel: *Costumer Behavior*. Hartcourt, Orlando 2001, p. 40.

weak point of the model is its exclusive concentration on the consumer-company relationship during a purchase with negligence of consumer influence on the company.

All the-above considered relations have been fully presented only in the model developed by Nicosia. The model shows the interactive relationship between the company and the consumer. In the broadest meaning, a company gets in touch with consumers through promotional activities, whereas consumers communicate with the company through making purchases. The company tries to create definite consumer behavior on the market, and the consumer – through his or her activities – affects the company. The Nicosia model describes the process of consumer decision making on the market in four areas: consumer attitudes based on market information, consumer product search and consumer product assessment, the act of making a purchase, and feedback in a form of experience gained both by the company and the consumer⁶.

The solutions present in the Nicosia model have paved the way for further research into satisfaction and its influence on building a long-lasting customer-company relationship⁷. In the meantime, research conducted in 1990s showed that customer satisfaction with a purchase may (but not necessarily does) lead to repetitive purchases of the same product. Thus, customer satisfaction should be treated as a condition to achieve loyalty, but not as its sufficient determinant. It should be stated that people who buy/use products exclusively of one definite company cannot be considered as the only loyal consumers. Having regard of a customer-company relationship, consumer loyalty on the market can be defined as a consumer attitude towards a company offering/providing products, an attitude based on stability, durability and acceptance of conditions of offered goods and services⁸. A loyal consumer is “attached” to a company, is immune to marketing activities of other rival companies (the so-called difficult-to-win customer) and represents, according to some agreement, interests of his or her company. Consequently, consumer loyalty on the market is tantamount to full acceptance of a company’s market offer. Such an attitude is crystallized through emotional experience and a certain state of consciousness⁹.

⁶ S. Smyczek, I. Sowa: *Konsument na rynku – zachowania, modele, aplikacje*. Difin, Warszawa 2005, p. 72.

⁷ W. Urban, D. Simieniako: *Lojalność klientów. Modele, motywacja i pomiar*. Wydawnictwo Naukowe PWN, Warszawa 2008, p. 26.

⁸ *Leksykon marketingu*. Red. J. Altkorn, T. Kramer. PWE, Warszawa 1998, p. 134.

⁹ G. Światowy, M. Pluta-Olearnik: *Kreowanie lojalności klientów poprzez markę i jakość usług*. In: *Marketing. Przełom wieków. Paradygmaty, zastosowania*, Wrocław 2000, p. 52.

Bearing in mind the above considerations, it is worth emphasizing the fact that consumer-company relationship, including the long-term ones, and consequently consumer loyalty, are determined by many factors, and particularly: the number of available brands on the market, perceived differences between the brands, advantages of purchasing a definite brand, previous and current relationship with a definite company as well as the level of satisfaction with this relationship. The risk perceived by the consumer presents another factor which is of particular significance in developing rapport between consumers and companies. The higher the level of a perceived risk connected with a consumer choice on the market, the higher the level of customer trust and loyalty towards a definite company.

The problem of risk in research into consumer behavior and into consumer relationship with other market subjects was first introduced by R.A. Bauer. Through identification of a risk perceived by the consumer¹⁰. R.A. Bauer was trying to explain such consumer activities as: information search before making a purchase, brand loyalty or importance of opinion leaders and benchmark groups whilst buying definite products. R.A. Bauer's results have revealed that the consumer perceives a risk when his or her activity is connected with unpleasant consequences¹¹.

In the contemporary literature, there prevail two major approaches towards consumer risk definition. The first approach is related to uncertainty and consequences that it brings. Here, risk is a function of uncertainty of results of consumer activities (subjective approach) and consequences of a negative outcome of consumer decisions. However, many authors maintain that this approach to risk definition has no application or can be used in a study into consumer behavior in a limited scope (including J. R. Bettman, L. Sjoberg, R. N. Stone, K. Gronhaug)¹². In their opinion, it is the second approach to risk definition, where risk is regarded as a composition of several dimensions, that should be employed in consumer behavior theories¹³.

On the basis of research into risk perception before paying for a product by means of various payment forms, T. Roselius identified four main dimensions of risk: security, functional, financial time risk¹⁴. During their studies on the market

¹⁰ R. A. Bauer: *Consumer Behaviour as Risk Taking*. Dynamic Marketing for a Changing World, American Marketing Association Proceedings 1964, pp. 389-98.

¹¹ S.S.M. Ho, N.T.F. Victor: *Customers' Risk Perceptions of Electronic Payment Systems*. "International Journal of Bank Marketing" 1994, Vol. 12, p. 13.

¹² See more in: R.N. Stone, K. Gronhaug: *Perceived Risk: Further Considerations for the Marketing Discipline*. "European Journal of Marketing" 1993, Vol. 27, No. 3; G. Maciejewski: *Ryzyko w decyzjach nabywczych konsumentów*. Wydawnictwo Uniwersytetu Ekonomicznego, Katowice 2010.

¹³ E. Arnold, L. Price, G. Zinkhan: *Consumer*. Irwin, Boston 2004, p. 79.

¹⁴ T. Roselius: *Consumer Rankings of Risk Reduction Methods*. "Journal of Marketing" 1971, Vol. 35, p. 58.

of luxury goods, J. Jacoby and L. Kaplan distinguished two other dimensions of the consumer risk: psychological and social¹⁵.

Thus, a conclusion can be drawn that consumer risk is a type of uncertainty that appears when the consumer cannot predict many essential consequences of his or her buying decisions¹⁶. Buying risk occurs in a situation in which consumers perceive danger related to making proper decisions and fear that consequences thereof may be significant for them¹⁷.

2. Methodological aspects of research into consumer risk and relationship with professional e-services institutions

With respect to the subject of analyzes, the direct research on the market of professional e-services was based on the second approach to risk, i.e. an attempt was made to identify dimensions of the risk perceived by the consumer. The analyzes were focused on the most crucial, from consumers' point of view, services such as health and financial services, especially financial counseling. The research comprised individual consumers over the age of 18 and was conducted on a sample of 600 respondents in October 2012. The sample was selected through application of a quota sampling method. Individual quotas i.e. age and level of education were chosen on the basis of a known structure of the examined population. The sample structure was selected in such a way as to be identical with that of a studied population in Silesian Voivodeship.

Research was done by using method of a structured questionnaire which is one of the most commonly used in market research¹⁸. The questionnaire itself was developed with the use of techniques employed in market research and marketing studies.

After completion of the research, the data were collected, checked as well as systematized, and next, counted, preliminarily described and analyzed, both in terms of their quality and quantity. Altogether 573 questionnaires were qualified to further analyzes.

¹⁵ J. Jacoby, P. Kaplan: *The Components of Perceived Risk*. Proceedings of the 3rd Annual Conference for Consumer Research, 1972, p. 389.

¹⁶ L. Garbarski: *Zachowania nabywców*. PWE, Warszawa 1998, p. 49.

¹⁷ L. Rudnicki: Op. cit., p. 56.

¹⁸ See more in: *Badania rynku, Metody, zastosowania*. Red. Z. Kędzior. PWE, Warszawa 2005; *Marketingowe badania bezpośrednie – zastosowania*. Red. R. Milic-Czerniak. DIFIN, Warszawa 2005; K. Karcz: *Międzynarodowe badania marketingowe*. PWE, Warszawa 2004.

3. Assessment of relationship between consumers and institutions offering professional e-services

The assessment of the relationship between consumers and institutions offering professional e-services was preceded by identification of dimensions and strength of the relationship between these subjects. The research was based on an assumption that the relationship is determined, and simultaneously characterized by four relationship dimensions, namely: engagement of an institution in contacts with consumers, consumer involvement in relationship with these institutions, satisfaction of a subject of the professional services market with the relationship, and trust of a subject of the professional services market.

The analysis comprised particular dimensions of the relationship with a financial institution or a medical unit, the services of which are most frequently chosen by the consumer. Additionally, an assessment was made on the influence of each dimension over the strength of consumer's relationship with a given financial institution and a medical unit. In order to achieve this, accumulated assessments were introduced with respect to the activity of a financial institution/medical unit and to the consumer's activity in relation to these institutions. The assessment also included consumer satisfaction with the relationship, trust placed in the institution and strength of the relationship.

In view of Table 1, it can be concluded that both in the case of financial institutions and medical units, whose services are most commonly used by consumers, of all four relationship dimensions the most highly assessed are: satisfaction and an activity of a financial institution and a medical unit – nearly 0.6 on a 0-1 scale.

Table 1

Dimensions of the relationship and strength of relationship

Specification	Activity of institution	Consumer's activity	Satisfaction	Trust	Strength of relationship
	Scale 1-7				Scale 0-1
Financial market	4.479	4.207	4.734	4.411	0.581
Medical market	4.461	4.210	4.728	4.401	0.562

The Spearman's analysis of correlation ranks between strength of the relationship and relationship dimensions has proved that consumer activity is the least powerful determinant of strength of the relationship with financial institutions and medical units (Table 2).

Table 2

Coefficients of Spearman’s correlation ranks

Specification	Activity of an institution	Consumer’s activity	Satisfaction	Trust
Financial market Spearman’s r	0.761	0.469	0.793	0.702
Significance	0.000	0.000	0.000	0.000
Medical market Spearman’s r	0.754	0.502	0.776	0.688
Significance	0.000	0.000	0.000	0.000

The coefficient at the level of 0.4-0.5 allows for determination of the relation as modest, whereas correlation coefficients with other dimensions prove that the relation is strong. It should be noted, however, that the level of significance of all coefficients (up to the third decimal place) equals zero. This helps to assert, with probability close to unity, that all four dimensions exert essential influence on the strength of the relationship with consumers and financial institutions as well as medical units whose services are most frequently used by consumers.

4. Dimensions of risk perceived by consumers on market of professional e-services

On the basis of conducted research, a conclusion can be drawn that the functional and security risks are considered to be the most significant ones on the market of professional e-services. Consequently, with respect to the market of medical e-services, as many as 38.2% of respondents have indicated functional risk and almost 23% have pointed at security risk as the most crucial ones (Table 3).

Table 3

Dimensions of risk perceived by consumers

Specification	Financial market (in%)	Medical market (in%)
Security	31.8	22.9
Functional	24.1	38.1
Psychological	21.7	18.9
Financial	18.4	13.2
Time	15.9	14.6
Social	13.6	11.5
Lack of analyzes	9.5	9.1

Consumers of the market of financial services take into consideration mainly the security risk (31.8%), and the functional risk (24.1%). On the market of medical services, the psychological risk is deemed important by 18.9% of respondents, and on the financial market by 21.7%. Consumers also attach significance to the financial risk –13.2% on the market of medical services, 18.4% on the market of financial. It is worth underlining the fact that with respect to both markets, about 10% of respondents do not analyze a potential risk related to the decision making and building relationship with subjects offering their services through e-tools.

The risk in the process of product choice and purchase evokes a definite state of tension in the consumer. This naturally leads to consumer's efforts to minimize or limit this risk through various means and activities¹⁹. According to research results, consumers try to reduce the risk on the market of professional e-services (both financial and medical) by seeking additional information about institutions offering specific services through e-tools and about services which they intend to use (nearly 80%). Moreover, they choose loyalty to a definite financial institution or a medical unit (almost 76%) as a security against that risk. It is noteworthy that about 15% of consumers prefer to resign from using definite professional e-services if a perceived risk is too high.

Representatives (staff) of a given financial institution (58.2%) or a medical unit (60.3%) are the most popular sources of additional information for consumers. Further on the list are leaflets and advertising materials (the financial market – 41.7%, the medical market – 52.5%). Thus, the formal information, both of personal and non-personal character, is the most appropriate source of information about professional electronic services. Another significant source of this information is the Internet (almost for half of respondents on both markets) and other media (press, TV or radio) – with 32.8% and 29.7% for the financial and medical market respectively.

Conclusion

In conclusion, consumers relationship with institutions offering professional e-services is determined by four dimensions, namely: an activity of the company, an activity of the consumer, satisfaction and trust. These dimensions also affect strength of the relationship between the subjects. According to research results, it can be stated that satisfaction with the consumer's prior and current relationship

¹⁹ C. Rice: *Understanding Customers*. Butterworth-Heinemann, Oxford 2007, p. 75.

with financial institutions and medical units has the most powerful effect on the strength of this relationship. As a result, professional e-service institutions which can actively affect their consumers' satisfaction in a traditional market environment are likely to build long-lasting relationships in the virtual environment.

Entering into a long-lasting relationship with an institution offering professional e-services entails some risk to be born by the consumer, especially the security and functional risk. The psychological risk is also very important for the financial and medical markets, whereas the social one does not play a bigger role on these markets. It should be emphasized that consumers try to actively minimize the risk in their market choices by looking for additional information from other sources, mainly the formal ones. Not rarely do they stay loyal to a definite financial institution or a medical unit.

With regard to the above-presented considerations, it should be concluded that identification of the character of risk perceived by the consumer within the area of relationship with companies offering professional e-services has great influence on the operation of such institutions. Thanks to possessed knowledge on the subject, it is possible to apply more effective methods of building market relations and to employ more effective means of affecting consumers, and consequently winning a competitive advantage on the market.

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Summary

The purpose of the paper was to identify the risk perceived by the consumer in their relationship with companies on the market of professional e-services and to determine mechanisms employed by consumers in the process of buying and using these services in the virtual environment. Results of research shows that the most important risk for customers are security and functional risk. Consumers try to actively minimize the risk in their market choices by looking for additional information from other sources, mainly the formal ones. Not rarely do they stay loyal to a definite financial institution or a medical unit.

Keywords: consumer risk, professional e-services