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Effect of Online Trust on E-commerce: A Case of Kathmandu Valley

Aakriti Jaiswal and Radhe Shyam Pradhan, Ph.D.*

Abstract

The study examines the effect of online trust on E-commerce: A case of Kathmandu Valley. Customer preference on e-commerce are dependent variables. The selected independent variables are product information transparency, customer reviews and ratings, delivery reliability, brand reputation, product quality. The primary source of data is used to assess the opinions of respondents regarding effect of online trust on e-commerce. The study is based on primary data of 217 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation and multiple regression models are estimated to test the effect of online trust on e-commerce in Kathmandu Valley.

The result shows that product information transparency has a positive impact on customer preference on e-commerce. It indicates that increase in product information transparency leads to increase in customer preference on e-commerce in Kathmandu valley. Similarly, customer reviews and ratings has a positive impact on customer preference on e-commerce in Kathmandu valley. It shows that better customer reviews and ratings leads to increase in customer preference on e-commerce in Kathmandu valley. Likewise, delivery reliability has a positive impact on customer preference on e-commerce. It implies that better delivery reliability leads to increase in customer preference on e-commerce in Kathmandu valley. Further, brand reputation has a positive impact on customer preference on e-commerce in Kathmandu valley. It indicates that higher the brand reputation, higher would be the customer preference on e-commerce. Moreover, product quality has a positive impact on customer preference on e-commerce. It states that higher the product quality, higher would be the customer preference on e-commerce in Kathmandu valley.

Keywords: product information transparency, customer reviews and ratings, delivery reliability, brand reputation, product quality, customer preference on e-commerce.

1. Introduction

Online trust in e-commerce refers to the confidence and belief that consumers have when making purchases or engaging with e-commerce platforms. This trust is crucial for the growth of online businesses, as it influences customers' willingness to share personal information, make transactions, and return to the platform for future purchases. E-commerce (electronic commerce) refers to the buying and selling of goods and services over the internet. Trust is built through people use of their common knowledge own mind or asking relatives or friends, when they want to purchase online particular product (Li *et al.,* 2008). According to the Grewal *et al*. (2004), consumers might not use ecommerce because they lack trust in internet businesses. Trust is based on multiple-linked beliefs concerning e-retailers' competence, benevolence, integrity, and predictability and is the basis for consumers' willingness to depend on these characteristics (Mcknight *et al*., 1998). Consumers are more likely to trust e-commerce platforms that demonstrate robust data protection practices and transparent policies (Belanger *et al*., 2002). Consumers' lack of trust in e-vendor has been

* Ms. Jaiswal is a Freelance Researcher, Kathmandu, Nepal and Prof. Pradhan is the Academic Director, Uniglobe College (Pokhara University affiliate), Kathmandu, Nepal.

shown to be an important factor influencing online shopping (Chen and Barnes, 2007). Consumers depend on perceived trust to lessen perceived risk and are willing to rely on e-retailers who are perceived as being low risk (Corritore *et al.*, 2003). Trust is essential in Business to Business and Business to Consumer relationships (Rousseau *et al.*, 1998). Doney *et al.* (2007) stated that trustenables companies to build long term relationships with end consumers and generate their loyalty.

Parayitam and Dooley (2009) assessed that the interplay between cognitive-and affective conflict and cognition-and affect-based trust in influencing decision outcomes. The study argued that cognition-based trust is a moderator in the relationship between cognitive conflict and decision outcomes. Similarly, Paul and McDaniel (2004) conducted a field study of the effect of interpersonal trust on virtual collaborative relationship performance. The study argued that as long as the trustor is vulnerable to the non-performance of the trustee, calculative trust is effective. Likewise, Fukuyama (1995) studied that the social virtues and the creation of prosperity. The study viewed trust as the expectation of regular, honest, and cooperative behavior based on commonly shared norms and values i.e. culture. Further, Gefen (2000) evaluated that the role of familiarity and trust. The stated that online consumer trust is important also because it helps consumers build appropriate favorable expectations of what to expect of the vendor. Moreover, Reichheld and Schefter (2000) analyzed the e-loyalty: Your secret weapon on the web. The study stated that consumers abstain from doing business with an online vendor they do not trust. trust is an issue in e-retailing where exchange relationships are characterized by uncertainty, vulnerability, and dependence, where there is a lack of direct or physical interaction and where pre-payment systems leave consumers vulnerable (Bradach and Eccles, 1989). However, Wang and Emurian (2005) studied that an overview of online trust: Concepts, elements, and implications. Trust is a critical factor that, at different points in the process of online financial services, determines the outcome of the service. Furthermore, Jarvenpaa and Tractinsky (1999) analyzed that the consumer trust in an Internet store: A cross-cultural validation. The study stated that the across cultures, inexperienced online consumers' purchase intentions are affected by their trust in the online vendor. Additionally, Yoon (2002) investigated that the antecedents and consequences of trust in online-purchase decisions. The study argued that trust should be given substantial weight in consideration of the virtuality (faceless and storeless) of online transactions that base their own existence on the level of customer trust

Grewal *et al.* (1994) studied that the moderating effects of message framing and source credibility on the price-perceived risk relationship. The study stated that the level of trustworthiness of a source is directly related to how individuals perceive and respond to information. Similarly, Mayer *et al.* (1995) examined that an integrative model of organizational trust. The study demonstrated that the overall trust is the product of a set of trustworthiness beliefs and these beliefs are primarily beliefs about the ability, integrity, and benevolence of the trusted party. Likewise, Kim *et al.* (2010) analyzed that an empirical study of customers' perceptions of security and trust in e-payment systems. The study found that a conceptual model that delineates the determinants of consumers' perceived security and perceived trust, as well as the effects of perceived security and perceived trust on the use of e-payment systems. Further, McKnight and Chervany (2001) ascertained what trust means in e-commerce customer relationships: An interdisciplinary conceptual typology. The study stated that trust is the central construct that sustains both interpersonal and economic relationships and that it is the ambient current of e commerce. Howver, Kim *et al.* (2011)

evaluated that the effect of perceived trust on electronic commerce: Shopping online for tourism products and services in South Korea. The study argued that navigation functionality and perceived security have a significantly positive effect on trust. The study also found that transaction cost have no effect on trust and satisfaction was found to positively impact trust-which, in turn, influenced customer loyalty. Additionally, Grewal *et al.* (1994) studied that the moderating effects of message framing and source credibility on the price-perceived risk relationship. The study stated that the level of trustworthiness of a source is directly related to how individuals perceive and respond to information.

Luo *et al.* (2010) examined multi-dimensional trust and multi-faceted risk in initial acceptance of emerging technologies: An empirical study of mobile banking services. The study indicated that risk perception, derived from eight different facets, is a salient antecedent to innovative technology acceptance. The study also provided empirical support for employing personal trait factors in analyzing acceptance of emerging IT artifacts. Similarly, Singh and Sirdeshmukh (2000) analyzed that agency and trust mechanisms in relational exchanges. The study stated that trust, like loyalty, is specific to the relationship and not merely to a particular exchange episode. Likewise, Lee and Turban (2001) studied that the trust model for consumer internet shopping. The study stated that trust is an especially important factor under conditions of uncertainty and risk. Further, Morgan and Hunt (1994) assessed that the commitment-trust theory of relationship marketing. The study argued that trust exists when one party has confidence in an exchange partner's reliability and integrity. Furthermore, Santos and Fernandes (2008) investigated that the antecedents and consequences of consumer trust in the context of service recovery. The study argued that trust is also the key-point for the development of customer loyalty and the establishment of strong and long-lasting relations between buyers and sellers. Moreover, Chen and Barnes (2007) evaluated that initial trust and online buyer behavior. The study found that the presence of trust-enhancing mechanisms such as encryption, secure payment options, and customer reviews can alleviate consumer apprehensions and build confidence. Trust is an essential factor in relational exchange as the cornerstone of the strategic partnership between seller and the buyer and trust provides buyers with high expectations of exchange relationships (Hawes *et al*., 1989).

However, Gefen *et al*. (2003) analyzed that the trust and TAM in online shopping: An integrated model. The study demonstrated that trust is based on the buyer's expectations that the seller will not have an opportunistic attitude and take advantage of the situation, but will behave in a dependable, ethical and socially appropriate manner, fulfilling commitments despite the buyer's vulnerability and dependence Similarly, Urban *et al.* (2009) examined that the online trust: State of the art, new frontiers, and research potential. The study showed that the lack of trust is the greatest barrier to consumers making online transactions. Likewise, Moorman *et al.* (1993) evaluated that the factors affecting trust in market research relationships. The study defined trust as the willingness to rely on an exchange partner in whom one has confidence. Further, Lee (2014) assessed that the impacts of decision-making biases on eWOM retrust and risk-reducing strategies. The study stated that when deception or negative purchasing experiences occur, buyers generate negative attitudes, they no longer trust the seller, and they are likely to turn to alternatives for the fulfilment of their needs and desires. Moreover, Deutsch (1960) investigated that the effect of motivational orientation upon trust and suspicion argued that trust has two components: confidence in ability and in intention. Additionally, Koller (1988) studied that risk as a determinant of trust. The study stated that trust is more critical when two situational factors like uncertainty (risk) and incomplete product information (information asymmetry) are present in a transaction.

In the context of Nepal, Devkota *et al.* (2021) analyzed that Nepalese consumers' perception on online shopping challenges and its managerial solution. The study argued that a large number of respondents agree there are a lot of challenges in online shopping. Similarly, Kharel (2018) examined that the factors influencing online brand trust: Evidence from online buyers in Kathmandu Valley. The study argued that trust, security, privacy and quality of goods are the major factors that should be considered to influence consumer buying behavior and among these, trust is the most important factor influencing consumer buying behavior. Likewise, Sharma and Ghimire (2021) evaluated that the role of consumer trust in online shopping in Kathmandu. The study stated that the concept of online trust has been pivotal in influencing consumer behavior and fostering growth in e-commerce platforms. Further, Shrestha (2021) analyzed that the challenges of e-commerce in Nepal. The study showed that the challenges such as lack of consumer trust, cyber security threats, and limited awareness about e-commerce platforms persist. Similarly, the unique socio-economic and cultural context of Kathmandu Valley presents both opportunities and challenges for e-commerce businesses. While urban consumers are increasingly inclined toward online shopping for convenience and variety, concerns about fraud, delivery issues, and the authenticity of products remain barriers (Karki, 2022).

The above discussion shows that empirical evidences vary greatly across the studies on the concerning the effect of online trust on e-commerce. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The major objective of the study is to examine the effect of online trust on e-commerce in Kathmandu valley. Specifically, it examines the effect of product information transparency, customer reviews and ratings, delivery reliability, brand reputation and product quality on online trust on e-commerce in Kathmandu Valley.

The remainder of this study is organized as follows: section two describes the sample, data, and methodology. Section three presents the empirical results and final section draws the conclusion.

2. Methodological aspects

The study is based on the primary data which were collected from 217 respondents through questionnaire. The study employed convenience sampling method. The respondents' views were collected on product information transparency, customer reviews and ratings, delivery reliability, brand reputation, product quality, customer preference on e-commerce. This study is based on descriptive as well as causal comparative research designs.

The model

The model estimated in this study assumes that online trust on e-commerce depends upon various factors associated with people of Kathmandu Valley. The dependent variable selected for the study is consumer preference on e-commerce. Similarly, the selected independent variables are product information transparency, customer reviews and ratings, delivery reliability, brand reputation and product quality. Therefore, the models take the following forms:

$$CPE = \beta_0 + \beta_1 PIT + \beta_2 CRR + \beta_3 DR + \beta_4 BR + \beta_5 PQ + e$$

Where

PIT= Product information transparency

CRR = Customer reviews and ratings

DR = Delivery reliability

BR= Brand reputation

PQ= Product quality

CPE = Customer preference on e-commerce

Customer preference on e-commerce was measured using a 5-point Likert scale where respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “Secure payment options increase my overall trust in an e-commerce website”, “I feel more confident in purchasing from websites that display trust seals (e.g., SSL certification)” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.954$).

Product information transparency was measured using a 5-point Likert scale where respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “The availability of detailed product descriptions influences my decision to purchase a product online”, “I am more likely to trust an online store that provides complete information about the product’s features and specifications” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.954$).

Customer reviews and ratings was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items “Customer reviews help me understand the quality of the product before purchasing “, “Negative reviews significantly influence my decision not to buy a product” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Delivery reliability were measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “Timely delivery influences my preference for shopping on an e-commerce platform “, “Reliable tracking systems increase my confidence in e-commerce deliveries” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.927$).

Brand reputation was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “Brand reputation influences my choice of e-commerce website”, “I am more likely to purchase from an e-commerce brand that has a strong social media presence” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Product quality was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “The quality of product materials significantly influences my decision to purchase online”, “I trust products with positive user reviews more than those with minimal or no reviews” and so on. The reliability of the items was measured by computing the Cronbach's alpha (α = 0.921).

The following section describes the independent variables used in this study along with the hypothesis formulation.

Product information transparency

Product information transparency refers to the clear and open disclosure of details about a product or service, typically from a brand or company. E-logistics transparency is a pivotal element in shaping customer decision-making in sustainable e-commerce and prioritizing transparency in packaging, delivery, and overall logistics information, businesses can significantly boost customer purchase intentions, satisfaction, and loyalty (Saravanan *et al.,* 2024). Similarly, Hossain *et al.* (2024) reported that transaction transparency, through clear communication about charges, detailed receipts, and real-time tracking, is pivotal in building and maintaining trust. Likewise, Clemons *et al*. (2002) stated that transparency reduces the viability of cross-subsidies between customers can or between products and differential pricing enabled by the web transforms distribution channels, and enables direct distribution and alternative forms of distribution. Further, Xu *et al*. (2014) found that the design of an RA interface can improve consumers' product diagnosticity and enjoyment, and proposes two antecedents to improve perceived decision quality and reduce perceived decision effort. Moreover, Abinesh and Dulloo (2024) proposed that AI applications in e-commerce and provides practical implications for businesses seeking to enhance customer satisfaction through personalization technologies. Additionally, Nilashi *et al.* (2016) stated that transparency is equally important to consumers for building trust as recommendation quality, and that general website quality contributes to the development of trust and also focused on recommendation quality may be insufficient and higher levels of adoption of the recommendations can be achieved when several trust-building factors are considered. Based on it, this study develops following hypothesis:

H_1: There is a positive relationship between product information transparency and customer preference on e-commerce.

Customer reviews and ratings

Customer reviews and ratings are essential components of modern shopping experiences, whether online or in-store. They provide valuable insights into a product's quality, performance, and overall customer satisfaction. Investigated the differential effects of provider recommendations (PRs) and consumer reviews (CRs) on the instrumental, affective, and trusting dimensions of consumer beliefs and shows how these beliefs ultimately influence continued OPR usage and product purchase intention (Benlian *et al.,* 2012). Similarly, Patil and Rane (2023) stated that light on the variables that affect patrons' decisions when choosing a restaurant and the significance of patron reviews in this process. Likewise, Ku *et al*. (2014) argued that recommendation system (RS) in a website is increasingly significant for consumer's decision making. A RS includes several important benefits, such as increasing user satisfaction and building user trust. Further, Lakshmanaprabu *et al*. (2018) observed that internet shopping is a method for powerful exchange among cash and merchandise which is finished by end clients without investing a huge energy spam. Moreover, Mofokeng (2021) reported that the customer satisfaction of online shoppers is influenced by product delivery, perceived security, information quality, and product variety. Based on it, this study develops following hypothesis:

H_2: There is a positive relationship between customer review and rating and customer preference on e-commerce.

Delivery reliability

Delivery reliability refers to the consistency and dependability of a product being delivered to a customer within the promised time frame, in good condition, and with the expected level of service. Customers perceive e-commerce services with increasing trust and consider them increasingly reliable which is also confirmed by the growing tendencies in the forecasts of e-commerce service (Gajewska *et al.,* 2020). Wilson and Christella (2019) stated that company specializing in the e-commerce industry should always enhance their product and services to their customer, in which customers will be satisfied, thus increasing their likeliness to repeat their purchasing experience on the company in the future. Similarly, Mofokeng (2021) defined that the customer satisfaction of online shoppers is influenced by product delivery, perceived security, information quality, and product variety. Likewise, Gupta *et al.* (2021) demonstrated that understand which of the commonly faced delivery issues are the most regular and how likely they are to occur when a customer often shops online. Further, Tzavlopoulos *et al.* (2019) proposed that ease of use of websites, design, responsiveness and security lead to increased levels of perceived value, while ease of use, responsiveness and personalization lead to an increase in the overall satisfaction of consumers. Moreover, Miao *et al.* (2022) revealed that the mediation effect of e-customer satisfaction, e-trust and perceived value on repurchase intention. It also examines the moderating role of prior online experience. Furthermore, Ali and Bhasin (2019) found that the impact of perceived price and delivery quality on perceived value and impact of perceived value directly and indirectly mediated by satisfaction on repurchase intention. Based on it, this study develops following hypothesis:

H_3: There is a positive relationship between delivery reliability and customer preference on e-commerce

Brand reputation

Brand reputation refers to the perception and overall public opinion of a brand based on its actions, products, services, and communications over time. It's the result of how the company is viewed by its customers, employees, stakeholders, and the general public. The effects of marketing capability and brand reputation on key customer purchase journey outcomes on e-commerce platforms, from click to browsing time, purchase, and post-purchase frustration (Mu and Zhang, 2021). Similarly, Sugiharto *et al.* (2019) proposed that brand reputation on purchase intention in that products of well-known brands captured the most attention of e-commerce customers. Likewise, Li *et al.* (2020) stated that consumer social media interaction features leading to consumer perceived hedonic values matter more in developing affective reputation than in developing cognitive reputation. Further, Wang *et al.* (2022) elaborated that branding agricultural products are popular in the online market, but little is known about consumers' preferences for agricultural product brands in an E-commerce environment. Moreover, Chiu and Cho (2021) summarized that influence of perceived brand leadership of an e-commerce website on satisfaction and repurchase intention. Furthermore, Albarq (2021) revealed that the store as a brand could turn out to be as important that make it easier for customers to build trust, constituting a strong antecedent of behavioral intentions where behavioral intentions can lead to repurchase patterns. Based on it, this study develops following hypothesis:

H_4: There is a positive relationship between brand reputation and customer preference on e-commerce.

Product quality

Product quality refers to the overall value and performance of a product as measured against customer expectations, industry standards, and the intended use. It is a key factor in consumer satisfaction and is often linked to a brand's reputation, customer loyalty, and market success. Customers perceive e-commerce services with increasing trust and consider them increasingly reliable which is also confirmed by the growing tendencies in the forecasts of e-commerce services (Gajewska *et al.,* 2020). Similarly, Mofokeng (2021) stated that the customer satisfaction of online shoppers is influenced by product delivery, perceived security, information quality, and product variety. Likewise, Sharma and Bahl (2019) revealed that the website service quality dimensions have a dominant effect on customer perceived service quality, leading to repeat client patronage, which may later develop into customer loyalty. Further, Sharma and Lijuan (2015) elaborated that the quality of e-commerce Websites is an important factor in attracting potential consumers, encouraging first-time purchases and retaining repeat purchases. Based on it, this study develops following hypothesis:

H_5: There is a positive relationship between product quality and customer preference on e-commerce.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau coefficients between dependent and independent variables. The correlation coefficients are based on 217 observations. The dependent variable is CPE (Customer preference on e-commerce). The independent variables are PIT (Product information transparency), CRR (Customer reviews and rating), DR (Delivery reliability), BR (Brand reputation) and PQ (Product quality).

Variable	Mean	S.D.	CPE	PIT	CRR	DR	BR	PQ
CPE	4.339	0.821	1					
PIT	4.512	0.814	0.418**	1				
CRR	4.593	0.713	0.358**	0.685**	1			
DR	4.573	0.737	0.337**	0.675**	0.818**	1		
BR	4.574	0.725	0.367**	0.665**	0.788**	0.775**	1	
PQ	4.613	0.669	0.402**	0.660**	0.742**	0.751**	0.798**	1

Note: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.

Table 1 shows the Kendall's Tau correlation coefficients of dependent and independent variables. The study shows that product information transparency is positively correlated to customer preference on e-commerce. It means that increase in product information transparency leads to increase in customer preference on e-commerce. Similarly, there is a positive relationship between customer reviews and rating and customer preference on e-commerce. It means that better customer reviews and rating leads to increase in customer preference on e-commerce. Likewise, delivery reliability has a positive relationship with customer preference on e-commerce. It shows that increase in delivery reliability leads to increase in customer preference on e-commerce. Furthermore, there is a positive relationship between brand reputation and customer preference on e-commerce. It indicates that increase in brand reputation leads to increase in customer preference on e-commerce. Moreover product quality has a positive relationship with customer preference on e-commerce. It indicates that increase in product quality leads to increase in customer preference on e-commerce.

Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of product information transparency, customer reviews and ratings, delivery reliability, brand reputation and product quality on customer preference on e-commerce in Kathmandu Valley.

Table 2

Estimated regression results of product information transparency, customer reviews and rating, delivery reliability, brand reputation, product quality on customer preference on e-commerce.

The results are based on 217 observations using linear regression model. The model is CPE = $\beta_0 + \beta_1$PIT + β_2CRR + β_3DR + β_4BR + β_5PQ + e, where the dependent variable is CPE (Customer preference on e-commerce). The independent variables are PIT (Product information transparency), CRR (Customer reviews and rating), DR (Delivery reliability), BR (Brand reputation) and PQ (Product quality).

Model	Intercept	Regression coefficient of					Adj. R_bar^2	SEE	F-value
		PIT	CRR	DR	BR	PQ			
1	2.524 (8.721)**	0.402 (6.37)**					0.155	0.755	40.574
2	2.917 (8.295)**		0.31 (4.093)**				0.068	0.793	16.755
3	3.043 (8.933)**			0.284 (3.856)**			0.06	0.796	14.868
4	2.782 (8.154)**				0.34 (4.622)**		0.086	0.785	21.367
5	2.327 (6.377)**					0.436 (5.572)**	0.122	0.770	31.048
7	2.476 (7.104)**	0.389 (4.697)**	0.024 (0.253)				0.151	0.757	20.231
8	2.505 (7.115**	0.405 (4.667)**	0.089 (0.636)	0.088 (0.632)			0.149	0.758	13.583
9	2.42 (6.766)**	0.383 (4.345)**	0.027 (0.183)	0.152 (1.036)	0.167 (1.291)		0.151	0.757	10.635
10	2.214 (5.977)**	0.333 (3.651)**	0.006 (0.04)	0.213 (1.423)	0.062 (0.443)	0.29 (1.958)	0.163	0.752	9.389

Notes:

i. Figures in parenthesis are t-values
ii. The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
iii. Customer preference on e-commerce is the dependent variable.

Table 2 shows that the beta coefficients for product information transparency are positive with customer preference on e-commerce. It indicates that product information transparency has a positive impact on customer preference on e-commerce. This finding is consistent with the findings of Nilashi *et al.* (2016). Similarly, the beta coefficients for customer reviews and rating are positive with customer preference on e-commerce. It indicates that customer reviews and rating has a positive impact on customer preference on e-commerce. This finding is similar to the findings of Lakshmanaprabu *et al*. (2018). Likewise, the beta coefficients for delivery reliability are positive with customer preference on e-commerce. It indicates that delivery reliability has a positive impact on customer preference on e-commerce. This finding is similar to the findings of Gupta *et al.* (2021). Further, the beta coefficients for brand reputation are positive with customer preference on e-commerce. It indicates that brand reputation has a positive impact on customer preference on e-commerce. This finding is similar to the findings of Sugiharto *et al.* (2019). Moreover, the beta coefficients for product quality are positive with customer preference on e-commerce. It indicates that product quality has a positive impact on customer preference on e-commerce. This finding is similar to the findings of Sharma and Bahl (2019).

4. Summary and conclusion

Online trust in e-commerce refers to the confidence that consumers have in online retailers, platforms, and the entire purchasing process. As e-commerce continues to grow, trust plays a critical role in ensuring that customers feel safe when shopping online. This trust influences their decision to make a purchase, share personal information, and return for future transactions. So**,** trust is the foundation of a successful e-commerce business. Consumers need to feel confident that their personal information is safe, that they will receive the products as promised, and that they can reach customer service if something goes wrong. By focusing on transparency, security, customer service, and quality, e-commerce brands can build lasting trust with their customers, driving long-term success and customer loyalty.

This study provides insightful information regarding the effect of online trust on e-commerce in Kathmandu Valley. The study analyzes various significant variables that could impact customer preference on e-commerce in Kathmandu Valley. The variables include how product information transparency, customer reviews and ratings, delivery reliability, brand reputation, and product quality influence customer preference on e-commerce.

The study attempts to examine the effect of online trust on e-commerce in Kathmandu Valley. The study is based on primary data of 217 respondents.

The major conclusion of the study is that product information transparency, customer reviews and ratings, delivery reliability, brand reputation, and product quality have a positive impact on customer preference on e-commerce in Kathmandu Valley. The study also concludes that product information transparency is the most significant factor followed by product quality, brand reputation, customer reviews and ratings and delivery reliability that influence customer preference on e-commerce in Kathmandu Valley.

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