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## Abstract

In the early days of e-commerce and online retailing, trust was seen as a significant element required for developing online consumer buying intention and initial trustworthiness could be communicated through seals of approval or trust marks. Moving forward eight years has done little to change the issues that face online retailers and consumer perceptions. In fact, Jupiter Media Metrix reported that in 2006 over $24 billion worth of online sales was lost due to privacy and security concerns. This paper explores the current practice and utilization of trust marks by the top 100 online retailers to identify the connection and disconnection between business practice and theory.

**Keywords**: Trust, security, privacy, seals

## 1. Introduction

In the early days of e-commerce and online retailing, trust was seen as a significant element required for developing online consumer buying intention [i.e. 1] [2] [3] [4] [5] [6] [7]. It was suggested that initial trustworthiness could be communicated through seals of approval and that these seals when posted on a company's website could potentially boost consumer confidence and increase sales [8] [9] [10].

Moving forward eight years has done little to change the perceptions and issues that face online retailers. Individual shoppers are still concerned with online security issues as can be seen in comparing studies from 2004 and 2006 from Ipsos-Insight [11] and TNS [12] [13] in Table 1.

Table 1. Consumer Concerns and Online Trust Mark Perceptions

|  | 2004 Ipsos-Insight | 2004 TNS Study | 2006 TNS Study |
|---|---|---|---|
| Online credit card fraud a concern for online shoppers | 69% |  | 87% |
| Important to have a trust mark of some kind |  | 93% | 86% |
| Only make purchase through sites with trust mark |  | 75% | 42% |
| Expect to see a trust mark on Home Page |  | 80% | 89% |
| Online consumers who terminated an online transaction due to security concerns who would have completed the purchase if the site had a recognised trust mark |  | 64% | 53% |

The studies show consistency in the expectation and importance of trust marks although there was a reduction in those that will only make a purchase through a site with a trust mark. It is likely that this decline can be attributed to the fact that consumers are becoming comfortable with certain key retailers as 60% of consumers are buying mostly from the same sites [14] that already have a positive reputation. The potential lost revenue is significant with Jupiter Media Metrix reporting that in 2006 over $24 billion worth of online sales were lost due to privacy and security concerns.

More and more new trust marks continue to emerge in an attempt to address these consumer concerns. These trust marks include national marks such as the Austrian E-Commerce Trust Mark, e-Icon and many more which are spurned on with reports of sales increases of 5-15% when a trust mark is utilized [15]. This paper will explore the current practice and utilization of trust marks by the top online retailers to identify the connection and possible disconnect between business practice and theory.

## 2. Trusted Third Party Theory

There are many theoretical foundations for the use of online trust marks including brand management research where signalling theory in information economics [16] and brand alliances [17] are utilized. Brand alliances occur

when two or more brand names are presented jointly to the consumer [18], such as when a third party seal is placed in conjunction with a company's website. These placements are especially important when a lack of knowledge about an online retailer inhibits the forming of trust [19]. If you do not have prior experience [20] with a website, then a transference of trust can be gained through information from a third party [21] until a point is reached when a reputation is developed for the online company. It has been suggested that even companies with a positive reputation from an offline presence that may carry over online [22] might still be able to benefits from trust marks [23]. More recent work by Pavlou et al. [24] identified that if consumers trust the signals that are presented to them, then fears can be alleviated.

## 3. Methodology

In order to evaluate the top retail oriented websites for their utilization of trust marks, the 2008 Internet Retailer Top 500 Guide was utilized [25]. Their Top 500 Guide generates a ranking of the top 500 e-commerce retailers from a variety of sources including web traffic scores from comScore Inc. and Nielsen Online. In addition to web traffic, web sales, visits and unique visitors, conversion rates and average ticket sales were utilized in calculating the top e-commerce retailers [25].

For the purposes of this paper, only the top 100 web retailer's sites were utilized (some parent companies had multiple store sites) and each was visited and reviewed for trust marks between June 1st and June 30th, 2008. As the structure of each website differed, a protocol was established and followed to ensure consistency on the investigated pages. The main pages that a potential customer would visit in a normal transaction or if concerns were present were selected; Home Page, Privacy Page, and Security Page (if applicable). While it is acknowledged that additional trust marks may have been present on other pages such as the shopping cart close out area, it was decided not to investigate past the three pages previously identified. If a consumer has made it to these pages they have likely made the decision to purchase, so any third party influence would be negligible.

## 4. Findings

In reviewing the top 100 online retailers, a total of 145 unique company websites were visited. Of these a surprisingly high 47% of websites did not have a single trust mark present on their entire site and an additional 13% did not have a trust mark located on its Home Page. Despite the survey results indicating that almost 90% of consumers believed in the importance of a Home Page trust mark, 60% of the top 100 online retailers choose not to present one.

Table 2. Trust Mark Data Summary – Top 100 Online Retailers

| | % of Sites Without Any Trust Marks | # of Different Trust Marks | % of Sites With Just 1 Trust Mark | Most Used Trust Mark |
|---|---|---|---|---|
| Top 25 Retailers (36 Sites) | 59% | 10 | 33% | VeriSign Secured |
| Top 26-50 Retailers (39 Sites) | 52% | 16 | 10% | BBB Reliability |
| Top 51-75 Retailers (37 Sites) | 41% | 14 | 32% | Hacker Safe |
| Top 76-100 Retailers (33 Sites) | 36% | 25 | 21% | BBB Reliability |
| **ALL TOP 100 Retailers (145 Sites)** | **47%** | **32** | **22%** | **VeriSign Secured** |

Table 2 presents a brief summary of just a few of the key findings on the utilization of trust marks by the top 100 retailers. The results indicates that the utilization of trust marks increases as you move further down the list to less popular websites. This is consistent with the literature discussed earlier as an appropriate practice when a reputation has not yet established [i.e. 20] [21]. It would appear however that many companies are still struggling with uncertainty around trust marks with 32 different trust marks being used in only 145 websites, in fact, of the 42

parent companies with more than one website, a surprising 43% have different seals on the web pages of their different companies.

## 5. Conclusions and Recommendations

The literature would suggest that trust marks should increase online consumers' trust and willingness to make purchases online, and this appears to be implemented in practice.  The importance of trust marks is unlikely to decline as shown by Bricker [26] who stated that "The future will be dominated by competition for public trust. People are increasingly turning to 'trust marks' to sort through the cluttered information economy marketplace". The question still remains however, what do trust marks mean for the customers, what works best and are customers able to differentiate between marks that address different concerns such as security (Hacker Safe), credibility (BBB Reliability) and privacy (Truste).

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