



# Study on consumers' attitudes towards Terms and Conditions (T&Cs)

Final report

*Specific Contract n° 2014 85 12 implementing Framework Contract - EAHC/2011/CP/OI/ECORYS*

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Date: 21.03.2016

Justice and  
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**EUROPEAN COMMISSION**

Produced by Consumers, Health, Agriculture and Food Executive Agency (Chafea) on behalf of

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# Study on consumers' attitudes towards Terms and Conditions (T&Cs)

## *Final report*

### **Abstract**

Previous research has shown that when buying products and services online, the vast majority of consumers accept Terms and Conditions (T&Cs) without even reading them. The current research examined effects of interventions aimed at making consumers aware of the quality of such T&Cs. This was done by 1) **shortening and simplifying the T&Cs** and 2) **adding a quality cue** to an online store, such as the presence of a logo of a national consumer organisation accompanied by the statement "these terms and conditions are fair". The main study consisted of three experiments and was conducted in 12 Member States with 1000 respondents in each Member State. In each experiment, consumers visited an online store and went through all the steps of an ordering process. One of these steps was accepting the T&Cs. Key findings are that shortening and simplifying the terms and conditions results in improved readership of the T&Cs, a slightly better understanding of the T&Cs, and a more positive attitude towards the T&Cs. Moreover, adding a quality cue to an online store increases trust and purchase intentions. Which quality cue is trusted the most depends on what type of online store consumers are visiting. For domestic online stores, a quality cue by a national consumer organisation is trusted most; for foreign online stores, a quality cue by a European consumer organisation is trusted most. The patterns were similar across Member States.



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Luxembourg: Publications Office of the European Union, 2016

PDF	ISBN 978-92-9200-706-5	doi: 10.2818/950733	EB-01-16-117-EN-N
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## Executive summary

### Background and purpose of the study

Previous research has shown that when buying products and services online, the vast majority of consumers accept terms and conditions (T&Cs) without even reading them. Although by not reading the T&Cs consumers are disempowering themselves, this behaviour can be viewed as rational from a cost-benefit perspective. After all, the costs of reading are high since the T&Cs are often long and written in a complex language, and the benefits low since purchasing the product or service is only possible if the T&Cs are accepted. As such, it would be unrealistic but arguably also unnecessary to expect all consumers to read and comprehend all T&Cs that they encounter: In most cases these T&Cs will not have an impact on the performances of the parties. On the other hand, even in such cases consumers may want to have a short look at the T&Cs in order to assess the reliability of the trader with whom they are about to conclude a contract. Therefore, this research took on a *dual approach* as to how to help consumers assess the substantive quality of the T&Cs.

The first approach was to increase readability. We investigated whether readership and understanding would be increased by **shortening and simplifying the T&Cs**. The assumption was that some consumers are motivated to be informed about (specific parts of) the T&Cs before making a purchase. If consumers are motivated to read the T&Cs, they should be able to *understand* this information. This approach is in line with the case-law of the Court of Justice pertaining to the requirement in Article 5 of the Unfair Contract Terms Directive (UCTD) that terms and conditions must be drafted in plain and intelligible language. According to the Court, this requirement implies that terms must be drafted in such language that the average consumer can foresee, on the basis of clear, intelligible criteria, the economic consequences which derive from these terms for the consumer.<sup>1</sup> Shorter and simpler T&Cs could contribute to the readability of the T&Cs and therefore to better consumer decisions regarding whether or not to conclude the contract with a particular trader.

The second approach was to create effortless awareness. This approach was not focused on increasing the share of consumers who read the T&Cs per se. Rather, it investigated how consumers can be made more aware of the content of the T&Cs, or at least of the quality thereof, without them spending much more effort. To that extent, we investigated whether trust in the T&Cs and purchase intentions would be increased by **adding a quality cue** to the online store, such as the presence of a logo of a national consumer organisation accompanied by the statement "these terms and conditions are fair". The assumption was that when the T&Cs were accompanied by such a statement, consumers would trust the content of the T&Cs more and would therefore be more willing to conclude a contract with that trader compared to traders that did not accompany their T&Cs with such a statement. Again, this may then contribute to better decision-making by consumers regarding whether or not to contract.

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1 See in particular CJEU 30 April 2014, case C-26/13, ECLI:EU:C:2014:282 (Kásler), point 73.

## **Method**

### ***Preliminary studies***

Before developing the main study, we conducted two preliminary studies. These studies provided first insights into consumer behaviour regarding T&Cs and the effects of adding a quality cue.

Preliminary study 1 was an online survey that mainly aimed to 1) provide insight into consumers' general awareness of their rights and 2) explore which alternative strategies consumers may have to reading the T&Cs in order to inform themselves about store-specific terms and conditions. Preliminary study 1 was conducted in **the Netherlands** and completed by 6,045 respondents.

Preliminary study 2 aimed to provide insight into: 1) The effects of quality cues on trust in the substantive quality of the T&Cs and purchase intentions, and 2) Negative consequences of not being sufficiently informed about the T&Cs. Preliminary study 2 was conducted in **the Netherlands** and **Poland**. In total, 1,012 respondents completed the online survey. The two countries included in this preliminary study are different from each other on relevant aspects (consumer empowerment, national income, population density, region) and could therefore provide important information for the design of the main study, particularly on which quality cues should be tested in the main study.

### ***Main study***

The main study was conducted in 12 Member States, with 1,000 respondents in each Member State. The country selection was aimed at including a wide variety of countries with respect to region, country size, and GDP/capita. The samples are nationally representative in each surveyed Member State. The main study was conducted in the following Member States: **Estonia, Finland, France, Germany, Italy, the Netherlands, Poland, Romania, Slovenia, Spain, Sweden, and the United Kingdom.**

The study consisted of three online experiments. Experiment 1 focused on shortening and simplifying the T&Cs (increasing readability); experiments 2 and 3 focused on adding a quality cue to online stores (creating effortless awareness). In each experiment, consumers visited an online store. These online stores were dynamic in the first two experiments and static (pictures) in the third. In the dynamic online stores consumers went through all the steps of an ordering process. The online stores contained terms and conditions, which had to be scrolled through to continue the ordering process (default exposure in experiment 1) or could be accessed by clicking on a link (free exposure in experiment 2).

In experiment 1, we investigated whether shortening and simplifying the T&Cs would increase readership and comprehension of the T&Cs and consumers' attitudes towards the T&Cs. For doing this, we varied the length and complexity of the T&Cs. We also examined whether the effects were the same on domestic as on foreign stores. For this purpose, some stores were domestic, i.e. from the same country as the

participant, and others foreign (a UK store)<sup>2</sup>. In experiment 2, we focused on the effects of adding a quality cue on consumers' trust in the quality of the T&Cs. The quality cues that were included in this experiment were logos from consumer organisations stating that the terms and conditions were fair. The consumer organisation was either a national organisation or a European organisation. In addition, we investigated whether adding a reading cost cue – stating that “reading the terms and conditions takes less than five minutes” – would affect the number of respondents accessing the T&Cs to read them. Again, we examined whether the effects were the same on domestic as on foreign stores. In experiment 3, we also focused on the effects of adding a quality cue on consumers' trust in the quality of T&Cs. Quality cues that were examined were the consumer organisation endorsements of experiment 2 as well as a customer feedback cue in which customers indicated that the terms and conditions were fair through a star rating system. Again, we examined whether the effects were the same on domestic as on foreign stores. We also investigated whether the effects were the same for existing as for fictitious stores.

## **Key findings**

### ***Knowledge about consumer rights and readership of T&Cs***

It has been well established that readership of terms and conditions, privacy notices, end-user licence agreements and other click-through agreements is generally low, although estimated readership varies strongly across studies, ranging from less than 1% to about 65% who read the T&Cs at least partially depending on the specific situation and the methodology used.<sup>3</sup> This low readership of terms and conditions is confirmed in the experiments we conducted. Indeed, in the current experiments, the percentage of consumers' accepting the T&Cs is very high, between 90 and 95%. However, when the opening of T&Cs is optional, only 9.4% open the T&Cs (in the absence of a quality cue). Readership seems to increase when scrolling through the T&Cs is the default option, as 77.9% of the consumers then report to at least scan through the T&Cs.

Blind acceptance of T&Cs may – to some extent – not be problematic if consumers obtain knowledge about their rights and obligations in other ways. If consumers were fully aware of their basic (legally provided) consumer rights, this would reduce the need to read information pertaining to such rights in the T&Cs in two ways. First, where the T&Cs merely reproduce the consumers' basic (legal) rights, the T&Cs convey information that consumers would already be aware of. Second, where the T&Cs would derogate from these basic (legal) rights to the detriment of the consumer, consumers would be aware of the fact that such derogation is not legally allowed and therefore not binding on them. In both cases, reading the T&Cs would not add very much to the consumers' knowledge about their rights and obligations. Reading the T&Cs would, however, inform the consumers about other relevant aspects related to the purchase, such as delivery information, dispute resolution, etc.

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2 The foreign store for UK respondents was an Irish store.

3 See for instance Milne, G.R. & M.J. Culnan (2004). Strategies for reducing online privacy risks: why consumers read (or don't read) online privacy notes. *Journal of Interactive Marketing*, vol. 18, 15-29; and Bakows, Y., F. Marotta-Wurgler & D.R. Trossen (2009), Does anyone read the fine print? A test of the informed minority hypothesis using clickstream data. New York University School of Law Working Paper.

Yet, both preliminary studies demonstrate that consumers' knowledge of their basic consumer rights is limited. Moreover, self-perceived knowledge is quite high, which demonstrates that many consumers do not have accurate perceptions of their own knowledge. This may have adverse implications for their approach to reading (or not) terms and conditions: lack of awareness about their ignorance may withhold consumers from obtaining more knowledge by reading T&Cs.

Consumers may also employ other strategies to get informed about the specific content of the T&Cs. In preliminary study 1, Dutch consumers report to need a substantial amount of information before making a purchase online, and delivery information is seen as particularly important. The more consumers shop online, the less information they need to have before making an online purchase. In the same study, about half of the respondents indicate that they would check the Frequently Asked Questions (FAQ) section on the website to look up the information they consider important. That same information is likely to have been included in the T&Cs as well. Consumers that have read the relevant FAQ section will therefore not necessarily see the need to look for the same information, but often described in a much more detailed and complicated way, in the T&Cs, as they will rely on the information already obtained.

### ***Experiencing problems due to not reading the T&Cs***

When asking about problems that respondents encountered because of insufficient knowledge of the T&Cs, 26.6% of respondents in the Netherlands and Poland indicate that they had encountered a situation in the 12 months prior to the interview where they did not sufficiently know the terms and conditions that applied to a purchase, and experienced problems because of that. In both preliminary studies, delivery issues are most frequently mentioned, followed by issues related to returns. For the majority of problems experienced, the costs involved are below 100 Euro (62.7%) and related to either contacting the seller or an inability to make use of the product or service. Moreover, 66.8% of these problems occur with online purchases. For 37.8% of the problems related to domestic purchases and no less than 65.5% of the problems related to cross-border purchases, consumers blame themselves. Over half (52.7%) of the consumers who experience a problem consider the problem as serious.

Furthermore, of the consumers reporting to have experienced a serious problem due to not knowing the T&Cs, 57.9% did not take any action, not even contacting the trader about the problem. This suggests that a large proportion of consumers who do not read the T&Cs before the contract is concluded are also not likely to take any action against the trader in case of problems.

### ***Effects of increasing readability of T&Cs***

In the main study, we examined whether simplifying and shortening the T&Cs resulted in higher trust and more positive attitudes towards the T&Cs, and increased readership (experiment 1).

Experiment 1 reveals that simplifying and shortening the T&Cs has beneficial effects, although some of the effects measured are small: readership is improved, understanding of the T&Cs is better, and the T&Cs are trusted more and perceived more positively. For example, consumers are more satisfied with the content and less frustrated while reading the T&Cs. Importantly, although the T&Cs are shortened, consumers do not feel that they miss relevant information, which suggests that, at least from consumers' viewpoint, short and simple T&Cs can be at least as informative as long and complex T&Cs. These effects are similar for domestic and foreign online stores.

A notable effect was also found when adding a reading cost cue on a website with free exposure to the T&Cs (experiment 2). Stating that "reading the terms and conditions

takes less than five minutes" roughly doubled the number of consumers opening the T&Cs from 9.4% to 19.8%. Thus, adding a reading cost cue seems to result in more consumers actually reading (parts of) the T&Cs.

### ***Creating effortless awareness by using quality cues***

The study also investigated the effectiveness of various quality cues in making consumers (more or less) effortlessly aware of the quality of T&Cs (preliminary study 2 and experiments 2 and 3).

In preliminary study 2, we found that quality cues seem to affect trust and purchase intentions, but the effects sometimes depend on store characteristics, namely whether the store is domestic or foreign, existing or non-existing, professional-looking or with a semi-professional appearance. The effect of quality cues also depends on the type of cue in the national or cross-border setting. A store's own 'promise-to-be-fair' cue and the expert endorsement of the T&Cs by well-reputed professors of consumer law in both the Netherlands and Poland don't seem to have any positive impact. In the domestic, non-existing, professional-looking store these quality cues actually *lower* purchase intentions compared to a no cue situation. On the other hand, customer feedback, national consumer organisation endorsement, and European consumer organisation endorsement do sometimes have positive effects. These effects are mainly present for domestic, existing online stores, although an endorsement by a European consumer organisation also has a positive effect for foreign online stores.

In the main study, we only tested the quality cues that showed a positive effect in the preliminary study. The results show that, in general, adding a quality cue (positive customer feedback, endorsement by a national consumer organisation, or endorsement by a European consumer organisation) increases purchase intentions and trust. In experiment 2, these effects are most notable on trust in the seller (and are not found on trust in the T&Cs), whereas in experiment 3, the effects are also found on trust in the T&Cs and the consumers' purchase intentions. Positive effects of adding a quality cue are found on domestic as well as foreign online stores and on existing as well as non-existing online stores.

The different quality cues vary most in the level of trust they themselves evoke. Although all cues have shown positive effects, a customer feedback cue is trusted the least. On domestic online stores, a national consumer organisation endorsement cue is trusted the most, while on foreign online stores, a European consumer organisation endorsement cue is trusted the most.

### **Policy recommendations**

1. To improve readership of T&Cs, T&Cs could be presented in a **default exposure** format.
  - The study shows that where consumers can access the T&Cs by clicking on a link, only a small percentage of consumers (9.4%) opened the T&Cs in the absence of a quality or reading cost cue. When the T&Cs were directly provided on the screen and consumers had to scroll through them, only 22.1% indicated that they did not read the T&Cs at all, compared to the 90.6% in the voluntary exposure experiment. How much readership can be improved by this measure needs to be investigated in further experiments that directly compare free and default exposure conditions on the same outcome measure.
2. To improve readership and understanding, T&Cs could be standardised and presented in a **simple and short** format, containing no more than the most relevant information. From the perspective of general consumer law and product-specific regulations, certain information must be disclosed to consumers by traders. Standardised forms for providing this information may facilitate reductions in length. This study suggests that T&Cs do not need to be long and complex, and

traders actually have a commercial and legal interest in keeping T&Cs short and simple.

- When the T&Cs were simplified and shortened, more consumers indicated that they had read the T&Cs. For example, when the T&Cs were extremely short and simple, 26.5% reported to have read the whole T&Cs compared to only 10.5% in the standard long and complex T&Cs condition. Consumers also understood the T&Cs better when they were short and simple. This was found on an objective comprehension test about the content of the T&Cs as well as on consumers' self-report on how easy or difficult it was to comprehend the T&Cs.
  - Moreover, consumers' attitudes towards the T&Cs were influenced by the length and complexity of the T&Cs. Simple and short T&Cs were trusted more than long and complex ones. Consumers were also more satisfied with the content of the T&Cs, felt less frustrated while reading them, and felt that reading them was more worth their time when the T&Cs were simplified and shortened. It should be emphasised that in this part of the experiment the length and complexity of the T&Cs differed but their substance did not. This suggests that it is indeed the length and complexity of the texts as such that influence the trust that consumers have in the fairness of the T&Cs, irrespective of the content.
  - Importantly, consumers indicated that they did not miss relevant information in the short and simple T&Cs. Thus, despite shortening them, the T&Cs appeared to contain all relevant information of the longer version, at least from consumers' viewpoint. This suggests that the shorter T&Cs were at least equally effective in providing the necessary information as the longer and more complex T&Cs.
  - The effects did not depend on whether the online store was domestic or foreign (meaning that the effects were present on both types of online stores), and hardly differed between countries.
  - Shortening the T&Cs is in line with other European legislative instruments. In this respect it is important to note that under the Consumer Rights Directive (CRD) traders need to present a list of information items in a clear and comprehensible manner before the consumer is bound by the contract. This information needs to be actively presented to consumers and cannot be buried in the T&Cs. Similarly, relevant practical information could possibly be included in the FAQ section at a website instead of in T&Cs, thus further enabling traders to shorten the T&Cs.
3. To improve readership of T&Cs, a statement with an estimation of the time it takes to read the T&Cs could be added (a **reading cost cue**). If providing such a reading cost cue is made mandatory it may also work as an incentive for traders to reduce the length of their T&Cs.
- Experiment 2 showed that readership of the T&Cs was influenced by the presence of a reading cost cue. In one condition, we added the message that "reading the terms and conditions takes less than five minutes" next to the link by which the T&Cs could be accessed. This reading cost cue increased the number of consumers opening the T&Cs from 9.4% to 19.8%. Moreover, the time spent on the T&Cs indicated that when a reading cost cue was present, respondents who opened the T&Cs also spent, on average, more time on that page than respondents who opened the T&Cs when no such reading cost cue was present.
4. To increase effortless awareness of the T&Cs, quality cues may be helpful. Customer feedback, national consumer organisation endorsement, and European consumer organisation endorsement cues can be used, as they positively influence trust and purchase intentions. The most positive effects are achieved with a **national consumer organisation endorsement cue** on domestic online stores, and with a **European consumer organisation endorsement cue** on foreign online stores.



- Adding a quality cue indicating that the terms and conditions are fair had an effect on consumers' trust in the T&Cs and their purchase intentions. Adding a customer feedback quality cue, an endorsement by a national consumer organisation, and an endorsement by a European consumer organisation increased trust and purchase intentions. These positive effects were found on domestic as well as foreign online stores (though more pronounced on domestic stores) and on existing as well as non-existing online stores.
  - The quality cues were not all trusted to an equal extent. Although all cues had positive effects, a positive customer feedback cue was trusted the least, indicating that (supposed) endorsement by customers is trusted less than (supposed) endorsement by a consumer organisation. Which of the consumer organisation endorsement cues was trusted the most depended on the type of online store. On domestic online stores, a national consumer organisation endorsement cue was trusted the most. On foreign online stores, a European consumer organisation endorsement cue was trusted the most.
  - A promise-to-be-fair by the seller and expert endorsement sometimes *decreased* trust and purchase intentions. This study therefore does not find evidence to support the promotion of such quality cues.
  - Adding a quality cue seems to be effective on both familiar and unfamiliar online stores, although the effects appear to be larger on familiar online stores. Preliminary study 2 highlighted that the positive effects of adding a quality cue are more pronounced on existing (familiar) than on non-existing (unfamiliar) online stores. A similar result was found with subjective familiarity. The main study did, however, also find positive effects on non-existing (unfamiliar) online stores (experiment 3). Taken together, these findings suggest that the effects of adding a quality cue are present on existing (familiar) and non-existing (unfamiliar) online stores, although the effects are sometimes more pronounced on existing (familiar) online stores. When deciding on whether to add a quality cue to an online store, differences across Member States do not appear to be so large as to warrant that they be given much weight.
5. Policy may also focus on raising *general* and *specific awareness*, thus making consumers more aware of their basic rights.
- Both preliminary studies demonstrated that consumers' knowledge of consumer rights (general awareness) is limited. Interestingly, consumers' self-reported knowledge is not equally low, indicating that consumers are generally unaware of their lack of knowledge.
  - In order to raise general awareness, one can think of information campaigns initiated by governments, consumer authorities, or consumer organisations through media channels or at the point-of-purchase (e.g. when entering a mall).
  - Finally, policy may focus on raising specific awareness. An example is that information about the delivery period and length of the right of withdrawal and commercial guarantee must be mentioned on the first page/screen of the order form, as this is typically the type of information consumers need before they can make their decisions.

## 1 Introduction

This chapter provides a brief description of the background of the study (further explored in Chapter 2), the study purpose, and the structure of the report.

### 1.1 Background of the study

#### 1.1.1 Why are T&Cs lengthy and complex?

When buying products and services online, consumers are faced with the need to accept the seller's or service provider's Terms and Conditions (T&Cs) in order to be able to proceed with their purchase. T&Cs are generally long. To illustrate this, UK consumers' association 'Which?' revealed staggering word counts for T&Cs of well-known companies, with some of them even comparable to Shakespeare's longest works *Hamlet* and *Macbeth* (Table 1.1).<sup>4</sup>

**Table 1.1 Word count of T&Cs performed by Which?**

Online store/service/book	Word count
Paypal	36,275
<b>Hamlet</b>	<b>30,066</b>
Apple iTunes	19,972
<b>Macbeth</b>	<b>18,110</b>
Windows Live	14,714
Apple iOS 5	13,366
Facebook	11,195
Google all-inclusive	10,640
Apple iCloud	10,724
Amazon Kindle	7,115
Amazon.co.uk	5,212
Twitter	4,445
Google	4,099

Moreover, T&Cs often make use of rather complex and technical language. There are several reasons why T&Cs are so lengthy and complexly drafted. First, traders will want to inform their customers as to what they may and may not expect from the goods or services purchased, thus shaping the reasonable expectations these customers may have of these goods and services, as to when delivery may be expected, what to do in case of a possible lack of conformity, what remedies the customers in such case may have, whom they need to turn to in order to invoke such remedies, etc. In addition, the lawyers assisting the sellers and service providers in drafting T&Cs will go to extremes to protect their clients from legal action undertaken by their customers. For this reason, they will propose their clients to include all types of disclaimers, exemption clauses etc. These lawyers also want to ensure the predictability of the outcome of legal disputes that occur nevertheless. This explains, for instance, the introduction of jurisdiction clauses and choice-of-law clauses enabling the trader to go to court in the country and area where it is established and where its own legal staff is located. As such, disputes are decided on the basis of the law that the traders and their lawyers know best. T&Cs have grown more and more complex to

4 <http://conversation.which.co.uk/technology/length-of-website-terms-and-conditions/>.



reflect the actual case-law of the courts where earlier versions of the T&Cs were found to be unclear from a legal point of view or where issues were raised where the trader and its lawyer had not thought of.<sup>5,6</sup> In addition, traders and their lawyers will want to guide courts in – what they consider – the right direction when deciding legal disputes, in particular for cases in which jurisdiction clauses and choice-of-law clauses have failed and there is therefore a lower predictability of the outcome for the trader. This may lead to even longer texts in order to explain what the legal consequences of a dispute are and why certain terms are required from the perspective of the trader.

Furthermore, the length and complexity of T&Cs are complicated by peculiarities of, in particular, common law jurisdictions, such as the legal systems in the United Kingdom and the United States. Under common law, there are several legal instruments – the parol evidence rule, the four corners rule and merger clauses – that have or may have the effect that when the parties have chosen to lay down their contractual agreement in a written contract, the contract document is said to contain the full agreement between the parties. These legal instruments have in common that they are intended to further legal certainty between the parties as they do not allow a party to claim additional terms were agreed upon which were, for some reason, not incorporated into the final contract document. Although there are many exceptions to the application of these rules, they each contain an incentive for drafters of T&Cs to include as many possibly useful and relevant rules into the contract document, that is, into the T&Cs. As a consequence, lawyers acting on behalf of traders that have their seat in a common law jurisdiction – including major companies in the area of digital content, such as Google, Apple and Microsoft – will be inclined to have terms included in the T&Cs 'just to be sure'. A telling example thereof is the clause in Apple's Mac App Store, App Store and iBooks Store Terms and Conditions, according to which the customer is not allowed to use a downloaded app or e-book for the development or production of nuclear weapons.<sup>7</sup> Even though the relevance of such terms may not be particularly high, they do add to the length and complexity of T&Cs and thus to the unattractiveness for consumers to reading them.

Finally, the mere fact that T&Cs are long and complex may give some traders the possibility to hide unfavourable terms in the T&Cs, knowing that the vast majority of consumers accept Terms and Conditions (T&Cs) without even reading them.<sup>8</sup> As a telling case in point, on April Fool's Day in 2010, the online game store Gamestation.co.uk added text to its click-through license that asked customers to surrender their immortal souls to the company, though it offered a checkbox to opt out if the customer wanted to keep its soul. In total, 7,500 customers did not tick the

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5 See also Jas Purewal, 'Why must terms and conditions be so long?', available at <https://www.quora.com/Why-must-terms-and-conditions-be-so-long> (last visited 27 November 2015); D.H. Shultz, 'Are Software "Terms & Conditions" Unnecessary Long On Purpose?', available at <https://www.quora.com/Are-Software-Terms-Conditions-Unnecessary-Long-On-Purpose> (last visited 27 November 2015).

6 D.H. Shultz, 'Are Software "Terms & Conditions" Unnecessary Long On Purpose?', available at <https://www.quora.com/Are-Software-Terms-Conditions-Unnecessary-Long-On-Purpose> (last visited 27 November 2015).

7 See Apple's Terms and Conditions, available at <http://www.apple.com/legal/internet-services/itunes/uk/terms.html> (last visited 27 November 2015), under 'C. Mac App Store, App Store, App Store for Apple TV and iBooks Store Terms and Conditions', subheading 'Licensed Application End User Licence Agreement', lit. g.

8 Terms and conditions: not reading small print can mean big problems. The Guardian, 11 May 2011.

box.<sup>9</sup> Blind acceptance of T&Cs was also apparent from the stunt by computer software maker PC Pitstop, which buried a clause in their terms and conditions offering a \$1000 reward to the first person who sent an email to a certain email address. It took five months and 3000 software downloads until someone emailed to claim the money.<sup>10</sup>

### **1.1.2 Why do consumers accept T&Cs blindly?**

To what extent is this behaviour of not reading T&Cs rational? On the one hand, by not being informed about their rights, consumers are disempowering themselves. Consumers do not know what they are consenting to and companies might take advantage of this by putting disadvantageous terms in their contracts. There are numerous examples of situations in which consumers are locked in to disadvantageous contractual obligations, which they might not have agreed to had they read the T&Cs.<sup>11</sup> For example, a fifth of the UK adults reports to have suffered as a result of blind acceptance of terms and conditions. Examples that are frequently mentioned by consumers are being locked into a longer term contract than expected and having lost money by not being able to cancel or amend hotel or holiday reservations, blindly consenting to the disclosure of personal details to third parties, having to pay extra fees or charges, or transferring or licensing out any intellectual ownership of documents posted on or stored at social media sites.<sup>12</sup>

Yet, considered from a cost-benefit perspective, one could argue that it is completely rational for consumers to accept T&Cs without actually reading them. First of all, the costs of reading are high. As was mentioned above, T&Cs are generally long, hence reading them is very time-consuming. Second, even if consumers are willing to read T&Cs, they are often put off by the complex and technical language used.<sup>13</sup> This occurs in spite of European directives on providing information about the product in a clear and comprehensible manner (Consumer Rights Directive<sup>14</sup>; see also the Unfair Contract Terms Directive, Article 5, which states that terms should be described in plain and intelligible language<sup>15</sup>).

At the same time, the benefits of reading are generally perceived to be small for different reasons. Even if consumers would read the T&Cs, they would find that they contain many terms that in fact have little or no relevance to their contractual

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- 9 C. Doctorow, 'Video-game shoppers surrender their immortal souls', available at <http://boingboing.net/2010/04/16/video-game-shoppers.html> (last visited 27 November 2015).
  - 10 <http://techtalk.pcpitstop.com/2012/06/12/it-pays-to-read-license-agreements-7-years-later/> (last visited 27 November 2015).
  - 11 For example, 60% of British primary and secondary school respondents confesses to not reading privacy policy, see: Furnell, S., Phippen, A. (2012) Online privacy: a matter of policy? Computer Fraud & Society, August, p. 15; across the European Union, 41% of internet users admits to not reading privacy notices on websites, see: IMCO (Committee on the Internal Market and Consumer Protection of the European Parliament), 'Consumer behaviour in a digital environment. Study', August 2011, available online at: <http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=42591>.
  - 12 <http://www2.skandia.co.uk/Media-Centre/2011-press-releases/May-2011/SKANDIA-TAKES-THE-TERMINAL-OUT-OF-TERMS-AND-CONDITIONS/#sthash.p9b4sYkd.dpuf>.
  - 13 Masson, M.E.J. & M.A. Waldron (1994). Comprehension of Legal Contracts by Non-Experts: Effectiveness of Plain Language Redrafting. Applied Cognitive Psychology, vol. 8, 67-85.
  - 14 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0083>.
  - 15 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31993L0013>.

situation – the example of the clause in Apple's T&C mentioned in section 1.1.1 is exemplary in this respect. Moreover, they often in fact would have no other choice than to accept the terms (in their entirety) if they wanted to purchase the underlying product or service. There is typically no room to negotiate the T&Cs, and if consumers wanted to shop for better terms, they would find that competitors make use of similar terms. Adding to this is the fact that consumers are mostly exposed to T&Cs right before their final confirmation of the order. In many cases, this means that the consumer has gone through the entire process of selecting the seller and comparing alternatives, and has made a final choice. As such, the only thing that the consumer can "win" from actually reading T&Cs is the decision to forgo the purchase and re-perform the entire process and, as mentioned earlier, to likely discover that terms and conditions are more or less the same across sellers.

Moreover, the existing mandatory consumer rights regulate a significant number of consumer-trader contractual issues, and T&Cs must operate within the boundaries of consumer law of the country of the seller. Where they do not, they will be invalid on the basis of unfairness, in which case the term may not be applied nor substituted by a default rule otherwise supplemented by law.<sup>16</sup> Consumers are also protected against unfair contract terms by the Unfair Contract Terms Directive (93/13/EEC)<sup>17</sup>, indicating that a term that is declared unfair is not binding. Finally, many terms simply reflect the content of the law, and consumers may be aware of the rights awarded by consumer law legislation through other means. Therefore, not having read the T&Cs does not necessarily mean complete unawareness of consumer rights. For example, in the EU, consumers have the right to return an ordered product from an online store within two weeks after receiving it. This right cannot be denied through the T&Cs. Traders are only allowed to deviate from the legal rules to the benefit of the consumer, for example, by extending the withdrawal period.

Consumers can empower themselves by obtaining knowledge on statutory consumer rights in general. We refer to this as "general awareness" of consumer rights and obligations. Furthermore, consumers may use other ways to obtain knowledge on a company's terms and conditions than by reading the T&Cs document. In an online setting, they may go through the frequently asked questions (FAQ), for example. In an offline setting, they may ask a sales person about specific conditions. We refer to this as "specific awareness" of consumer rights and obligations. In addition, consumers may use other signals – such as the trader's reputation – to assess whether the traders' terms and conditions can be trusted or not, without reading them. Theoretically, sellers would not seem to have any economic incentive to include unreasonable terms in their contracts.<sup>18</sup> After all, in the longer run, such practices may severely damage their reputation and drive away customers to competitors, which may be especially harmful for well-known companies that have built up strong brand equity over a long period of time. Consumers may therefore use the reputation of a trader as an indicator of substantive quality of that trader's T&Cs.<sup>19</sup> Thus, consumers

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16 See in particular CJEU 30 April 2014, case C-26/13, ECLI:EU:C:2014:282 (Kásler) and CJEU 21 January 2015, joined cases C-482/13, C-484/13, C-485/13 and C-487/13, ECLI:EU:C:2015:21 (Unicaja Banco/Hidalgo Rueda).

17 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31993L0013>.

18 Korobkin, R. (2003). Bounded Rationality, Standard Form Contracts, and Unconscionability. *University of Chicago Law Review*, vol. 70, 1203-1295.

19 Bakos, Y., F. Marotta-Wurgler & D.R. Trossen (2013). Does Anyone Read the Fine Print? Consumer Attention to Standard Form Contracts. *New York University Law & Economics Working Papers*, Paper 195.

unmotivated to read T&Cs may use other ways to become (more or less) effortlessly aware of its content or at least the quality thereof.

To summarise, not reading the T&Cs may be costly, because consumers are disempowering themselves and may end up with a contract they would not have signed if they had been aware of the content. On the other hand, not reading the T&Cs is rational from a cost-benefit perspective for several reasons. For example, the T&Cs are long and complex, increasing the costs of reading them. The benefits of reading the T&Cs are small: There is no room to negotiate the T&Cs. In addition, there may be alternative, less costly, ways in which consumers may become aware of the content or quality of the T&Cs. Examples are FAQ sections and signals that indicate the quality of the T&Cs, such as the reputation of the seller.

## 1.2 Study purpose

Based on the background presented above, it would be unrealistic but possibly also not necessary to expect all consumers to read and comprehend all T&Cs they encounter. Therefore, this research takes on a *dual approach* as to how to help consumers assess the substantive quality of the T&Cs.

The first approach is to **increase transparency**. It departs from the assumption that (at least some) consumers are motivated to be informed about (specific parts of) the T&Cs before making a purchase. If consumers are motivated to read the T&Cs, they should be able to find and understand the specific information they are looking for to be able to make a well-informed decision regarding acceptance. This study investigates how the content and format of T&Cs can be improved to better meet these goals. Specifically, the study examines the effects of shortening and simplifying the T&Cs.

The second approach is to create **effortless awareness**. This approach is not focused on increasing the share of consumers who read the T&Cs per se. Rather, it aims to investigate – in the case that consumers are *not* motivated to read the terms and conditions, even if these have been shortened and drafted in simpler language – how consumers can be made more aware of the quality of the T&Cs without them spending much more effort. This study zooms in on three types of awareness:

1. Increased awareness of consumer rights in general (general awareness);
2. Increased awareness of the content of the terms and conditions through different ways than studying the T&Cs (specific awareness);
3. Awareness of whether the T&Cs can be trusted without reading them (quality assessment).

The first two types of awareness are examined in preliminary studies. The main study focuses on the third type of awareness. Specifically, the study examines the effects of adding a quality cue to an online store. The study compares different quality cues, all aimed at conveying the message that the terms and conditions are fair, to investigate which quality cue is trusted the most and increases trust in the T&Cs the most.

## 1.3 Structure of the report

In the next chapters, we discuss the literature review that provided a theoretical foundation for the study methodology, the preliminary studies and main study, and policy implications of the results of the main study. Specifically, chapter 2 provides the theoretical background of blind acceptance of the T&Cs. The chapter discusses the causes and consequences thereof. Chapter 3 further introduces the two approaches to make consumers more aware of the quality of the T&Cs: increasing transparency and effortless awareness. Chapter 4 provides an overview of the methodologies of the studies. Chapters 5 and 6 provide the results of the two preliminary studies. Chapter 7

presents the results of the main study. Finally, chapter 8 provides conclusions and policy implications.

## 2 Literature review: Causes and consequences of non-readership

### Summary

Many consumers accept terms and conditions on online stores without reading them. The literature identifies several causes of this non-readership. Cost/benefit beliefs indicate that the costs of reading are high, since T&Cs are often long and complex. Benefits are typically low. For example, consumers may assume they are protected by the law when it comes to unfair terms, making reading the T&Cs less necessary in their eyes. Normative beliefs also contribute to non-readership. If many consumers do not read the T&Cs, this influences other consumers to also not read them. Many consumers also do not read the T&Cs because they cannot change them anyway (control beliefs). The entire T&Cs have to be accepted in order to receive the underlying product or service; there is no room to negotiate certain terms. Finally, some consumers knowingly take the risk of consumer detriment if it means that they do not have to read the T&Cs (apathy) or find alternative ways of informing themselves, such as by reading the FAQ section.

An important consequence of not reading the T&Cs is the risk of agreeing to terms that are unfair or unreasonable in consumers' eyes (though not necessarily by the law). Consumers may make less well-informed decisions and regret their order later on. Moreover, the knowledge that consumers do not read T&Cs may result in sellers drafting T&Cs that provide nothing more than the minimally enforceable legal protections.

### 2.1 Introduction

This chapter discusses relevant literature on the causes and consequences of not reading the terms and conditions.

It has been well established that readership of terms and conditions, privacy notices, end-user licence agreements and other click-through agreements is generally low. Yet, estimated readership varies strongly across studies, ranging from less than 1% to about 65% (who read the T&Cs at least partially) depending on the specific situation and the methodology used (e.g. surveys are prone to social desirability bias leading to an overestimation of readership). For example, in a survey on readership of privacy notices, 17.3% of the respondents state that they never read privacy notices, whereas 4.5% report that they always read them and 14.1% frequently read them.<sup>20</sup> In a website tracking study, in contrast, the authors find that "only one or two out of every thousand retail software shoppers chooses to access the license agreement, and those few that do spend too little time, on average, to have read more than a small portion of the license text."<sup>21</sup>

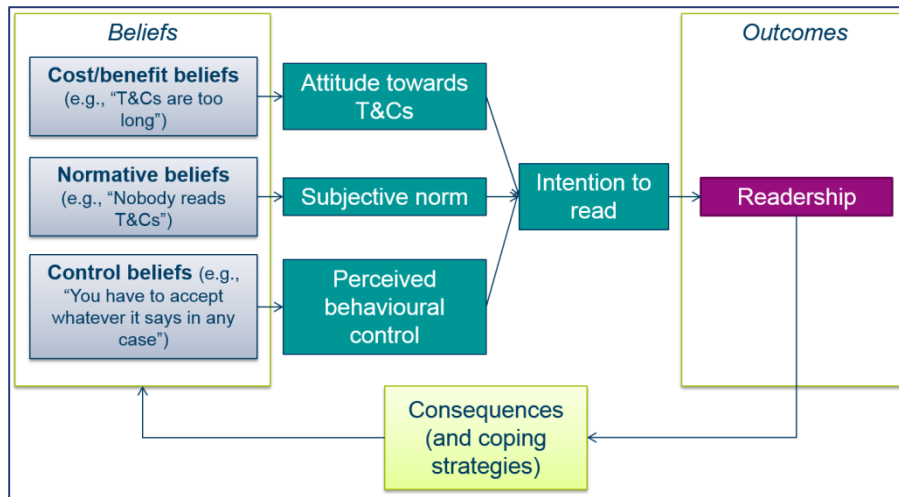
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20 Milne, G.R. & M.J. Culnan (2004). Strategies for reducing online privacy risks: why consumers read (or don't read) online privacy notes. *Journal of Interactive Marketing*, vol. 18, 15-29.

21 Bakows, Y., F. Marotta-Wurgler & D.R. Trossen (2009). Does anyone read the fine print? A test of the informed minority hypothesis using clickstream data. New York University School of Law Working Paper.

Most of such studies additionally investigate potential causes of non-readership, which are summarised in section 2.3. Consumers hold specific beliefs about T&Cs, which may or may not be true, that negatively impact their intention to read them, with blind acceptance as a result. If they do not experience any negative consequences as a result of blind acceptance, these beliefs are unlikely to change. The potential consequences of non-readership of terms and conditions are discussed in section 2.4.

**Figure 2.1 Conceptual model based on previous literature<sup>22</sup>**



## 2.2 Causes of non-readership

The beliefs described in the model are further explained in this section. Beliefs contributing to non-readership behaviour can be categorised into three categories: (1) cost/benefit beliefs, (2) normative beliefs, and (3) control beliefs.

### 2.2.1 Cost/benefit beliefs

Many researchers point to the complexity and the long-windedness of most terms and conditions as one of the main reasons for consumers not reading them. For example, in one study, one third of respondents indicate in an open question as to why people do not read T&Cs that they are *too long and time-consuming* to read.<sup>23</sup> In addition, T&Cs are often written in complex legal language and hence difficult to understand.<sup>24,25</sup> The terms and conditions usually contain the information requirements laid down in the Consumer Rights Directive (CRD)<sup>26</sup>. In addition, traders often put much more information in the T&Cs, blurring the line between actual terms

22 Based on the Theory of Planned Behaviour: Azjen, I. (1991) The theory of planned behavior. Organizational behavior and human decision processes, vol. 50, 179-211.  
 23 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. Law and Human Behavior, vol. 36(4), 293-311.  
 24 Hartley, J. (2000). Legal ease and 'legalese'. Psychology, Crime and Law, vol. 6(1-2), 1-20.  
 25 Masson, M.E.J. & M.A. Waldron (1994). Comprehension of Legal Contracts by Non-Experts: Effectiveness of Plain Language Redrafting. Applied Cognitive Psychology, vol. 8, 67-85.  
 26 Directive 2011/83/EU, OJ 2011, L 304/64. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0083>.



and conditions, codes of conduct, and customer service.<sup>27</sup> Traders generally lack incentives to draft short and easy-to-read T&Cs as they want to reduce any liability risks.<sup>28</sup>

While the costs of reading are typically perceived to be high, benefits of reading are typically perceived to be low by consumers.<sup>29</sup> For example, consumers may believe that bad terms do not exist and the law will invalidate unreasonable terms to the consumers' advantage (optimism bias).<sup>30</sup> This type of belief makes consumers trust that they will not be "cheated" by sellers and if in exceptional cases this happens anyway, the law will force the seller to back down. To some extent, this is true, since the Directive on Unfair Contract Terms (93/13/EEC)<sup>31</sup> does indicate that a term that is declared unfair is not binding. However, whilst certain T&Cs could be found to stand the "fairness" test by law, this does not necessarily mean that they will be always favourable to consumers. Also, being legally protected from unfair T&Cs often means that you have to seek legal aid to be put in the right, which costs time and money. Another common "low benefit" belief about T&Cs is that they are all the same, that is, the belief that T&Cs do not differ very much between online sellers, as the texts are often derived from standard formats.<sup>32,33,34</sup>

### **2.2.2 Normative beliefs**

Another type of beliefs that contribute to non-readership of terms and conditions are normative beliefs, beliefs based on the perception of social norms. Consumers may for instance have the perception that *no one reads T&Cs*.<sup>35</sup> People often follow other people's behaviour.<sup>36</sup> If no one reads T&Cs, consumers might think that this suggests that there is no reason to read them. Indeed, in the social setting in which people sign contracts and disclosures in real life, it is often communicated that we are not expected to actually read the conditions.<sup>37</sup> In many cases the person you are about to enter into an agreement with just points to the space that should be signed with a signature and that is it. These are social norms and signals that might also play a role when people agree to T&Cs online. All in all, most people are well aware that others do not read T&Cs and as a consequence play by this social norm themselves as well.

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27 It should be noted that under the CRD pre-contractual information is binding.

28 See above, section 1.1.1. We will demonstrate below, in paragraph 3.1, that this approach may be counterproductive for traders.

29 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. *Law and Human Behavior*, vol. 36(4), 293-311.

30 Gillette, C. P. (2004). Rolling contracts as an agency problem. *Wisconsin Law Review*, 2004, 679-721.

31 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31993L0013>.

32 Epstein, R. (2006). Contract not regulation: UCITA and high-tech consumers meet their consumer protection critics. In J. Winn (Ed.), *Consumer protection in the age of information economy* (205-209). Burlington: Ashgate.

33 Stark, D. P., & J.M. Choplin, (2010). A cognitive and social psychological analysis of disclosure laws and call for mortgage counseling to prevent predatory lending. *Psychology, Public Policy, and Law*, vol. 16, 85-131.

34 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. *Law and Human Behavior*, vol. 36(4), 293-311.

35 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. *Law and Human Behavior*, vol. 36(4), 293-311.

36 E.g., Cialdini, R. (2001). *Influence: Science and Practice*. Boston: Allyn & Bacon.

37 Stark, D. P., & J.M. Choplin, (2010). A cognitive and social psychological analysis of disclosure laws and call for mortgage counseling to prevent predatory lending. *Psychology, Public Policy, and Law*, vol. 16, 85-131.



### **2.2.3 Control beliefs**

Control beliefs are beliefs related to the extent to which you as a consumer have control over the behavioural outcome. A widely-held belief about T&Cs is that if you want to purchase something from an online store you have no choice but to accept the T&Cs since it is not a common practice to contact an online store and ask them to draw up some adjusted T&Cs that both parties agree on. Therefore, many consumers reason that there is no point in reading the T&Cs because you cannot change them anyway.<sup>38,39,40</sup> In other words, there is a lack of bargaining power. The rules are very simple: If you want to buy the product, you just have to accept the T&Cs.

### **2.2.4 Other causes of non-readership**

#### **Apathy**

Some consumers might suffer from apathy when it comes to reading and accepting the T&Cs. In one study, 19% of the respondents explained the fact that they do not read T&Cs on the basis of apathy or indifference.<sup>41</sup> To many consumers, the possible detriment that may come from accepting unfavourable terms may be of no concern at all. These consumers happily accept the risks if this means they do not have to gain in-depth knowledge about the T&Cs of an online store. This seems to be a conscious choice not to care and worry oneself with the potential consequences, which works for a substantial number of consumers.

#### **Alternatives to reading the T&Cs**

In many purchasing situations there are other sources of information available than the T&Cs that can inform consumers about the (substantive quality of the) terms and conditions of the seller. On 13 June 2014, Directive 2011/83/EU on Consumer Rights (CRD) came into force. This Directive applies to on-premises, off-premises, and distance contracts. For all contracts, before the purchase, the trader must provide the consumer with information on the goods, the provider, pricing, delivery, payment, complaints handling, after-sales service, duration of the contract, functionality and interoperability (in the case of digital products) in a *clear and comprehensible* manner and in *plain and intelligible language*. Consequently, there are often other options to get informed about the T&Cs, which consumers may use. In fact, since T&Cs are generally not easy-to-read, reading the T&Cs might be the very last option that consumers consider when they want to have information about the terms and conditions that apply to the purchase. Many online stores have direct links on their websites to information about returns, delivery, and such. Many websites also have a FAQ (Frequently Asked Questions) section that addresses most concerns that consumers may have before making a purchase. It often covers questions about delivery, the return policy, and the payment options of the online store, among other things. Moreover, the information is often presented in a much simpler and more concise manner than in the T&Cs. Other ways in which consumers may inform

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38 Hillman, R. A., & J.J. Rachlinski (2002). Standard-form contracting in the electronic age. *New York University Law Review*, vol. 77, 429–495.

39 Rakoff, T. (1983). Contracts of adhesion: An essay in reconstruction. *Harvard Law Review*, vol. 96, 1173–1284.

40 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. *Law and Human Behavior*, vol. 36(4), 293–311.

41 Plaut, V.C., & R.P. Bartlett (2011). Blind consent? A social psychological investigation of non-readership of click-through agreements. *Law and Human Behavior*, vol. 36(4), 293–311.

themselves about the trustworthiness of online stores may include online user reviews, external endorsements in the form of a trust mark, and experiences of people in their social network. It might very well be the case that consumers generally only turn to T&Cs when there are no other options available to assess the trustworthiness of the online store. This would mean that consumers may actually know how to inform themselves, but prefer using other means than reading the T&Cs.

In a related study on readership of privacy notices, it was found that consumers' concern for privacy is negatively related with trusting these notices and positively related with reading privacy notices.<sup>42</sup> This suggests that if consumers are concerned about the fairness of privacy notices, this concern triggers them to read privacy notices in order to protect themselves from potential detriment. In addition, positive perceptions about notice comprehension are associated with trusting the privacy notices as well as reading the notices. Moreover, the presence of alternatives to reading (i.e. privacy seals, the reputation of a brand, prior experience with the brand or the online store belongs to a well-known company) positively related to trusting the notices, but negatively related to reading privacy notices. It seems that if there is a different way than actually reading the privacy notices for the consumer to conclude that an online store is trustworthy, this increases trust and decreases the probability of reading the privacy notice. To summarise, whether consumers actually read notices depends on the perceived risk (i.e. trustworthiness of the online store), the readability of the notices and whether or not alternatives for reading the privacy notices are present.

Thus, consumers may not read the T&Cs because a large amount of the relevant information can be found in shorter and easier-to-read formats elsewhere on the website. As such, it appears crucial to gain insight into the extent to which consumers use other sources of information rather than the formal T&Cs to be informed about their rights and obligations pertaining to the purchase.

### **2.3 Consequences of non-readership**

In the previous subchapter, it was argued that consumers generally perceive the costs of reading T&Cs to be high and the benefits of reading T&Cs to be low. If indeed the benefits of reading are limited, interventions aimed at reducing the costs of reading (e.g., shortening T&Cs and drafting them in simpler language) may not have the desired effect, as the benefits might still not outweigh the costs. The question is whether the benefits of reading are indeed as low as consumers typically perceive them to be. In other words, what are the actual consequences of blind acceptance of terms and conditions?

First, it is important to make the distinction between terms that are unfair from a legal perspective versus from a consumer's perspective. The fact that the vast majority of consumers do not read terms and conditions – and that if they do, there is a lack of bargaining power anyway – provides an incentive for sellers to provide nothing more than the minimally enforceable legal protections or even unfair terms.<sup>43</sup> Consumer

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42 Milne, G.R. & Culnan, M.J. (2004). Strategies for reducing online privacy risks: why consumers read (or don't read) online privacy notes. *Journal of Interactive Marketing*, vol. 18, 15-29.

43 Bakos, Y., F. Marotta-Wurgler & D.R. Trossen (2013). Does Anyone Read the Fine Print? Consumer Attention to Standard Form Contracts. *New York University Law & Economics Working Papers*, Paper 195.

lawyers have identified several types of contractual terms used by international online service providers such as Facebook, Twitter, and Google, which are unlikely to pass the unfairness test.<sup>44</sup> Under Directive 93/13/EEC on Unfair terms in consumer contracts, the consequences of declaring a term as legally unfair (significantly imbalanced and against good faith) is that such a term does not bind consumers. In addition to the actual use of unfair terms, traders may draft legally fair terms and conditions that are deemed unfair by individual consumers because they do not meet the consumers' own expectations (unsatisfactory conditions in the consumer's own eyes). By not reading the terms and conditions, consumers may make less well-informed decisions and may regret their order or their choice of seller later on.<sup>45</sup> Consumers' regrets regarding not reading the T&Cs are further investigated in two preliminary studies presented in chapters 5 and 6.

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44 Loos, M. & J. Luzak (2015). Wanted: A Bigger Stick. On Unfair Terms in Consumer Contracts with Online Service Providers. Centre For the Study of European Contract Law Working Paper No. 2015-01.

45 See, for example, Terms and Conditions: Not reading the small print can mean big problems (<http://www.theguardian.com/money/2011/may/11/terms-conditions-small-print-big-problems>).

### 3 Potential solutions: increasing transparency and creating effortless awareness

#### Summary

In this chapter we elaborate on the dual approach that is adopted in this research: 'increasing transparency' and 'creating effortless awareness'. The first approach is to increase transparency. The assumption is that some consumers are motivated to get informed on (specific parts of) the T&Cs before making a purchase. Furthermore, if consumers are motivated to read the T&Cs, they should be able to understand this information. In the current study, we therefore investigate whether readership and understanding can be increased by **shortening and simplifying the T&Cs**.

The second approach is to create effortless awareness. This approach assumes that some consumers will not read the T&Cs, even if they are shortened and simplified. Therefore, we investigate how consumers can be made more aware of the content of the T&Cs (or at least of the quality thereof) without them spending much more effort. In the current study, we investigate whether trust in the T&Cs and purchase intentions can be increased by **adding a quality cue** to the online store, such as the presence of a logo of a national consumer organisation accompanied by the statement "these terms and conditions are fair". Raising general and/or specific awareness (i.e., informing consumers on their rights in general or pointing at alternative ways to get informed on specific terms and conditions) may be another way to create effortless awareness. Preliminary studies therefore also investigate the extent to which consumers possess general and specific awareness of their rights.

#### 3.1 Increasing transparency

The strategy to increase transparency assumes that some consumers are motivated to read the terms and conditions. If this is the case, they should be able to find and understand the information without spending too much effort. The current study investigates the most fruitful ways to improve the format of T&Cs in order to better meet this goal. This approach builds on literature in consumer behaviour and law, particularly on cost/benefit analyses, in which the expected costs of reading T&Cs are perceived to outweigh the expected benefits.<sup>46</sup> Increasing transparency of T&Cs will mainly reduce the costs of reading.

##### 3.1.1 How to increase transparency

There are several potential interventions that can change the format of the T&Cs in order to reduce the consumer effort needed to process the information. First, the length of the T&Cs can be reduced; thus, the T&Cs can be shortened. This may enhance comprehension and facilitate information search. Second, the complexity of the language used in T&Cs can be reduced; thus, the T&Cs can be simplified. The

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46 Plaut, V.C. & R.P. Bartlett III (2012). Blind Consent? A Social Psychological Investigation of Non-Readership of Click-Through Agreements. *Law and Human Behavior*, vol. 36(4), 293-311.

mandatory information mentioned above should be presented in a clear and prominent manner, also from the perspective of consumer law (moreover, plain, intelligible language is also a legal consumer law requirement under the Directive on Unfair Contract Terms<sup>47</sup>). Consumers' personal background – including their education, mental ability and experience – may strongly influence whether they understand the information provided.<sup>48</sup> However, many of these impediments for consumers to read the T&Cs would disappear if the T&Cs actually consisted of plain language. Finally, the visual presentation and organisation of the T&Cs may need improvement (e.g., font type and size, headings, lay-out). Improving the way the information in T&Cs is organised may enhance the readability, and thereby reduce perceived (time) costs of reading, which may enhance consumers' decision to read.<sup>49</sup>

The current study focuses on two of these strategies. Specifically, it focuses on the influence of **shortening and simplifying the T&Cs** on readership, understanding of the T&Cs, and attitude towards the T&Cs.

### ***3.1.2 Reasons why traders may (not) want to increase transparency of T&Cs***

It should be noted that radically simplifying T&Cs does come at a price for the traders that currently make use of lengthy and complex T&Cs. As indicated in section 1.1.1, there are several reasons why traders may think they need to make use of such T&Cs. Most of these reasons are, in themselves, respectable. In short, these include the need to explain to their customers what they may expect of the goods and services purchased, what to do and whom to turn to in case of defects and what rights and remedies consumers have in such cases. From the perspective of traders, shorter and simpler T&Cs potentially could offer less information to consumers. However, it should be noted that T&Cs that are long and drafted in complex language are not well versed to inform consumers of such matters.

In addition, under European consumer law, the trader is required to inform the consumer on a great number of issues before the conclusion of a contract. This includes information pertaining to the main characteristics of the goods or services, the identity and contact details of the trader, the total price of the goods or services inclusive of taxes and other charges or the way in which the price can be calculated or determined, the duration and the minimum duration of the contract and the conditions for terminating the contract (in case of a long term contract). Moreover, it includes information pertaining to the arrangements for payment, delivery, performance, the time by which the trader undertakes to deliver the goods or to perform the services and, where applicable, the trader's complaint handling policy. In addition, the consumer must be reminded of the existence of a legal guarantee of conformity for goods and, where applicable, the existence and the conditions of after-sale customer assistance, after-sales services and commercial guarantees.<sup>50</sup> Where such information

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47 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31993L0013>.

48 Therefore, it has been suggested recently that online mandatory disclosures on the use of cookies should be adjusted to the profile of the internet users that was most likely to visit a given website, e.g.: UK's Information Commissioner's Office. (2012). Guidance on the rules on use of cookies and similar technologies, available at: [http://www.ico.gov.uk/for\\_organisations/privacy\\_and\\_electronic\\_communications/the\\_guide/cookies.aspx](http://www.ico.gov.uk/for_organisations/privacy_and_electronic_communications/the_guide/cookies.aspx), p. 8.

49 Ariely, D. (2000). Controlling the Information Flow: Effects on Consumers' Decision Making and Preferences. *Journal of Consumer Research*, vol. 27 (September), 233-248.

50 See Articles 5 and 6 paragraph 1 of the Consumer Rights Directive.

is buried in T&Cs among other information and where the T&Cs as a whole are drafted in complex language, the consumer is not able to properly foresee the economic consequences which derive for her from the contract. It seems likely that the Court of Justice would then find that the trader has not provided the information in a clear and comprehensible manner, as is required under the Consumer Rights Directive.<sup>51</sup> In such case, consumers could be allowed under national law to invoke a remedy on the basis of, for instance, mistake or unfair commercial practices and thus invalidate the contract or claim damages.

Thirdly, the continued use of long and complex T&Cs in consumer contracts in this respect is largely due to the fact that many companies offering mass consumer products are established in the United States, where instruments such as the parol evidence rule and similar instruments are still applied with only some exceptions. However, under the laws of European legal systems there is a much less relevance for extensive T&Cs as in jurisdictions within the European Union, courts have – under differing conditions – the power to add rights and obligations to the contract for the parties under legal instruments, such as the interpretation (construction) of contracts, good faith or the implication of terms by law. This implies that the parol evidence rule and similar instruments under common law in practice do not play an important role within the European legal systems – not even in the United Kingdom.

Fourthly, within the European Union the Brussels I and Rome I Regulations ensure that whenever a trader targets its economic activities (also) to the country where a consumer has her residence, the trader can be sued only before the court of the consumer's place of residence and the consumer cannot be deprived of the level of protection applicable in her country. This implies that jurisdiction clauses and choice-of-law clauses are largely without effect in the EU. That in turn means that the argument to include such clauses in the T&Cs for reasons of predictability of the outcome of legal disputes does not apply.

Finally, and different from the situation in the United States, European consumer law provides a compelling legal reason not to include terms that unfairly protect traders from liability claims by their consumer customers. Whereas extreme disclaimers and waivers may be valid under US law, there is a substantive risk that such terms are found to be unfair within the meaning of Article 3(1) of the Directive on Unfair Contract Terms (93/13/EEC)<sup>52</sup>. Where this is the case, these terms are invalidated.<sup>53</sup> Moreover, under Article 5 of the Directive, traders are required to draft their terms in plain, intelligible language. According to the Court of Justice, this requirement of transparency implies that terms must be drafted in such language that the average consumer can foresee, on the basis of clear, intelligible criteria, the economic consequences which derive from it for the consumer.<sup>54</sup> A term which does not meet these requirements may therefore be found to be unfair. The case-law of the Court of Justice then implies that such terms are invalidated in full and may not be replaced by

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51 See in particular CJEU 30 April 2014, case C-26/13, ECLI:EU:C:2014:282 (Kásler), point 73 (by analogy).

52 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:31993L0013>.

53 See in particular CJEU 30 April 2014, case C-26/13, ECLI:EU:C:2014:282 (Kásler) and CJEU 21 January 2015, joined cases C-482/13, C-484/13, C-485/13 and C-487/13, ECLI:EU:C:2015:21 (Unicaja Banco/Hidalgo Rueda).

54 See in particular CJEU 30 April 2014, case C-26/13, ECLI:EU:C:2014:282 (Kásler), point 73.

fairer terms or even by the otherwise applicable statutory terms.<sup>55</sup> This implies that traders may be worse off by having introduced such terms than they would have been if the matter had been left to the default law altogether. In other words, traders have a commercial and legal interest in keeping T&Cs short, simple (understandable) and, above all, fair. The practice of long and complex T&Cs, while originally intended to constitute a safeguard from liability for traders, therefore has evolved in a commercially unattractive bad legal practice. There may, however, be one reason why *unscrupulous* traders might want to continue using long and complex T&Cs instead of being willing to shorten and simplify T&Cs. As Preliminary study 2 will show (paragraph 6.2, below), many consumers that have not read the T&Cs will refrain from undertaking *any* kind of action towards the trader when they later experience a problem related to a matter that in one way or another is regulated in the T&Cs. Whether such term would be found unfair by a court from the perspective of an unscrupulous trader is of course of no relevance since the terms have already served their purpose by putting off consumers from undertaking any form of action. From the viewpoint of consumer policy and fair competition, such a reason can of course not justify that the European legislator refrains from taking legal action in order to enhance the transparency of T&Cs.

### **3.2 Creating effortless awareness**

Even if the content and format of the T&Cs are improved, many consumers may not be motivated to read them. The “effortless awareness” approach is not focused on increasing the share of consumers that read the T&Cs per se. Rather, it aims to investigate – in the case that consumers are not motivated to read the terms and conditions – how consumers can be made more aware without them spending (much) more effort. This approach can be broadly broken down into two strategies:

- Making consumers better informed about their rights without making them actually read the terms and conditions;
- Teaching or motivating consumers to search for quality cues (e.g., trust marks or endorsements) as indicators of substantive quality and reliability of the terms and conditions.

The first strategy can be further subdivided into (a) making consumers more generally aware of their basic rights and (b) making consumers more specifically aware of the specific terms and conditions that apply in that specific purchasing situation. In the next paragraphs, we describe how each of the three strategies might improve effortless awareness.

#### **3.2.1 Increasing general awareness of consumer rights**

This first strategy focuses on making consumers more aware of their basic rights (such as the right to get faulty goods repaired or replaced and the 14-day right of withdrawal in distance purchases). If consumers were more aware of their basic rights as a consumer, this would (1) reduce the need to read this information in the T&Cs or other places on websites for each purchase they make, and (2) improve their ability to identify legally unfair (so, illegal) terms in contracts if they would read them.

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<sup>55</sup> See in particular CJEU 21 January 2015, joined cases C-482/13, C-484/13, C-485/13 and C-487/13, ECLI:EU:C:2015:21 (Unicaja Banco/Hidalgo Rueda), points 32-33.



The European Commission is actively pursuing this particular strategy. As an example, a Consumer Rights Awareness Campaign was launched in 2014, which aims to increase the general knowledge among traders and consumers of EU-wide consumer rights.<sup>56</sup> Moreover, the new Consumer Rights Directive<sup>57</sup> aligns and harmonizes national consumer rules in several important areas. Some key changes are:

- *Improved withdrawal rights:* The period under which consumers can withdraw from a sales contract if they – for whatever reason – change their mind is extended from 7 to 14 days. If a seller has not clearly informed the consumer about the withdrawal right, the period will be extended by a year;
- *The prohibition of hidden costs:* Traders must provide information on the total cost of the good or service, as well as any extra fees or charges. In this way, consumers are protected against hidden “cost traps”.

The information requirements laid down in the Consumer Rights Directive include very concrete rules, such as with respect to consumers' right of withdrawal. For those consumers who are already aware of these statutory rights, the corresponding information provided by the trader is, in fact, only a reminder. However, traders are under obligation to provide it for each contract concluded; the Consumer Rights Directive attaches specific negative consequences for traders in case of failing to do so.

In the current report, the main focus lies on the strategy to add quality cues. However, in preliminary studies, general knowledge of consumer rights will be measured to investigate the extent to which consumers are aware of their general rights.

### **3.2.2 Increasing specific awareness of consumer rights**

The second strategy focuses on ways in which consumers may be informed about the specific terms and conditions that apply without actually reading the T&Cs. Consumers may use alternative strategies to get informed about information that is stated in the T&Cs, such as information about shipping and delivery, right of withdrawal, how to arrange a return, payment, and so on. For example, consumers may simply ask the seller for this information in a “real” store, or may visit other places on a website that contains this information, such as direct links or the “Frequently Asked Questions” (FAQ) section. There, consumers may find information that is much easier to understand and more concise than in the T&Cs. Although these information sources hardly cover the complete content of the T&Cs, they are important to take into account, as they may provide a very efficient way for consumers to get informed about key terms and conditions. Neglecting the fact that consumers might use alternative ways to get informed about their rights and obligations might lead to an overestimation of the blind consent problem.

One important reason for using alternative strategies to get informed is related to the timing of the information. Consumers are mostly exposed to T&Cs right before their final confirmation of the purchase. In many cases, this means that the consumer has gone through the entire process of selecting the seller, comparing alternatives and making a final choice. This type of consumer “lock-in” is likely to decrease the

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56 [http://ec.europa.eu/consumers/consumer\\_rights/consumer\\_rights\\_awareness\\_campaign/index\\_en.htm](http://ec.europa.eu/consumers/consumer_rights/consumer_rights_awareness_campaign/index_en.htm).  
57 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011L0083>.



motivation to search for information, and hence, T&Cs are unlikely to be a showstopper at that point in the process.<sup>58</sup>

To gain a better understanding of the potential detrimental consequences of not reading T&Cs, the extent to which consumers use alternative strategies to get informed about their rights and obligations and those of the seller is investigated. Again, this is not the main focus of the report, but it is incorporated in the preliminary studies.

### **3.2.3 Adding quality cues on online stores as indicators of the substantive quality of terms and conditions**

The third strategy involves motivating consumers to search for and use (reliable) quality cues in their decision to accept or reject the terms and conditions. A wide variety of quality cues may influence consumers' response to terms and conditions. Some of them may be very good predictors of the actual substantive quality of terms and conditions and hence very good quality cues – such as an endorsement by a consumer authority – while others might be less reliable quality cues – such as a “promise to be fair” made by the trader.<sup>59</sup> Consumers may also simply use the reputation of the trader as a quality indicator, reasoning that well-reputable traders have more to lose if they put unfair terms in their contracts. In addition, they may reason that the larger the group of buyers, the higher the probability that at least some of them actually read the terms and conditions, which should provide an incentive for the seller to draft fair terms and conditions (the informed minority mechanism).

The goal of this third approach is to understand whether and how consumers use quality cues – such as familiarity and reputation of the seller, how professional the online store looks, external endorsements and other trust marks – to make assumptions about the substantive quality of the terms and conditions. More importantly, we examine effects of different, not yet existing, quality cues to determine which quality cues are trusted the most. We distinguish between three types of cues:<sup>60</sup>

- (1) *First-party quality cues*, which are provided directly by the seller such as the quality of the website design;
- (2) *Second-party quality cues*, such as customer reviews, which originate in the experience of previous customers;
- (3) *Third-party quality cues*, which are provided by an independent third party, such as third-party trust marks.

Although little is known about quality cues pertaining only to the T&Cs (e.g., a consumer organisation stating that “these terms and conditions are fair”), a large

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58 Zauberman, G. (2003). The intertemporal dynamics of consumer lock-in. *Journal of Consumer Research*, vol. 30, 405-419.

59 See for example <https://www.wetransfer.com/legal>.

60 Cf. Özpolat et al. (2013). Reference: Özpolat, K., Guodong, G., Jank, W. & Viswanathan, S. (2013). The Value of Third-Party Assurance Seals in Online Retailing: an Empirical Investigation. *Information Systems Research*, vol. 24(4), 1100-1111.

amount of research has focused on trust marks in general, which exist in the majority of EU Member States.<sup>61</sup> Such a trust mark can be received in several ways, one being through a trust mark organisation, which checks whether traders follow a code of conduct based on EU and national regulations. The specific code of conduct can be found on the trust mark organisation's website, which can also be accessed by clicking on the trust mark.<sup>62,63</sup> Re-examination to see if a trader with a trust mark still follows the code of conduct is not done by all trust mark organisations. However, in many cases, there are regular inspections, most often yearly. If a trader does not comply with (EU, national, or trust mark) regulations, the trader may be sanctioned by the trust mark organisation (e.g. suspension of the right to use the trust mark logo).<sup>64,65</sup> In addition to inspections, some trust mark organisations also offer dispute resolution. Consumers may file a complaint with the organisation, which then tries to resolve the dispute between the consumer and the web shop.<sup>66</sup>

Research on the effectiveness of such general trust marks is scarce and shows inconsistent results.<sup>67,68,69,70</sup> On the one hand, research has revealed positive effects of trust marks. For example, although consumers appear to have little knowledge of what trust marks stand for (and which criteria for membership are used), they indicate that they are drawn to online shops with a trust mark and that they trust a seller with a trust mark.<sup>71,72</sup> In fact, trust marks are deemed more trustworthy than other signals of trust, such as a positive review by an objective source, even if consumers have not seen the trust mark before.<sup>73</sup> In line with these findings, consumers are more willing to provide personal information about themselves when trust marks are present.<sup>74</sup> In addition to trust, it has been found that trust marks increase purchasing intention and behaviour.<sup>75,76</sup> On the other hand, such effects are sometimes absent. For example,

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- 61 E.g., Trzaskowski (2006). E-Commerce Trustmarks in Europe: An overview and comparison of Trustmarks in the European Union, Iceland and Norway.
- 62 TNO/Intrasoft International (2012). EU Online Trustmarks Building Digital Confidence in Europe.
- 63 Civic Consulting (2012). A Pan-European Trustmark for E-commerce: Possibilities and Opportunities.
- 64 ECC-Net (2013). Trust Marks Report 2013: "Can I Trust the Trust Mark?"
- 65 Importantly, from a law perspective, there is no guarantee that a trust mark actually means anything – apart from the Unfair Commercial Practices Directive, no regulation is applicable. If, however, an online shop continues to show a trust mark that has been revoked, this constitutes an unfair commercial practice (see Article 5 paragraph 5 UCPD and Annex I under 2 to the Directive).
- 66 TNO/Intrasoft International (2012). EU Online Trustmarks Building Digital Confidence in Europe.
- 67 Civic Consulting (2012). A Pan-European Trustmark for E-commerce: Possibilities and Opportunities.
- 68 Kerkhof, P. & Van Noort, G. (2001). Third party Internet Seals. Reviewing the effects on online consumer trust. In I. Lee (Ed.). Encyclopedia of E-Business Development and Management in the Global Economy. Hershey PA: Information Science Reference.
- 69 Kim, D. J., Ferrin, D. L. & Rao, H. R. (2008). A Trust-Based Consumer Decision-Making Model in Electronic Commerce: The Role of Trust, Perceived Risk, and Their Antecedents. *Decision Support Systems*, vol. 44(2), 544-564.
- 70 Özpolat, K., Guodong, G., Jank, W. & Viswanathan, S. (2013). The Value of Third-Party Assurance Seals in Online Retailing: an Empirical Investigation. *Information Systems Research*, vol. 24(4), 1100-1111.
- 71 ECC-Net (2013). Trust Marks Report 2013: "Can I Trust the Trust Mark?"
- 72 TNO/Intrasoft International (2012). EU Online Trustmarks Building Digital Confidence in Europe.
- 73 Aiken, K. D. & Boush, D. M. (2006). Trustmarks, Objective-Source Ratings, and Implied Investments in Advertising: Investigating Online Trust and the Context-Specific Nature of Internet Signals. *Journal of the Academy of Marketing Science*, vol. 34(3), 308-323.
- 74 Wang, S., Beatty, S. E. & Foxx, W. (2004). Signaling the Trustworthiness of Small Online Retailers. *Journal of Interactive Marketing*, vol. 18(1), 53-69.
- 75 Zhang, H. (2004). Trust-Promoting Seals in Electronic Markets: Impact on Online Shopping Decisions. *Journal of Information Technology Theory & Application*, vol. 6(4), 29-40.
- 76 Özpolat, K., Guodong, G., Jank, W. & Viswanathan, S. (2013). The Value of Third-Party Assurance Seals in Online Retailing: an Empirical Investigation. *Information Systems Research*, vol. 24(4), 1100-1111.

several studies found no relationship between third-party trust marks and consumers' trust.<sup>77,78</sup> An explanation of the absence of this relationship between trust marks and consumers' trust that has been offered in these articles is the low level of awareness of the meaning of third-party trust marks. In addition, some studies have found mixed results, finding that only certain trust marks influence purchasing intention.<sup>79</sup> Finally, the effectiveness of trust marks may be moderated by certain factors. For example, empirical findings suggest that trust marks are only effective for consumers who perceive Internet shopping as risky<sup>80,81</sup>, potentially because they reduce perceived risk.<sup>82</sup> Another moderator may be consumer goals. Consumers who aim to prevent negative outcomes rather than obtain positive outcomes are more strongly affected by trust marks.<sup>83</sup>

In addition to the first- second- and third-party distinction, a distinction can be made between what we call "passive" and "active" quality cues. Passive quality indicators are *general contextual signals* that consumers are likely to use in their assessment of whether they can trust the seller and the quality of the seller's terms and conditions. Active cues, in contrast, are endorsements or trust marks which have the *specific purpose* of influencing consumers' beliefs about the trustworthiness of the seller and the substantive quality of the terms and conditions. Quality cues can be categorised along these two dimensions, as in Table 3.1.

**Table 3.1 Categorisation of quality cues**

Quality cues	Passive	Active
<i>First-party</i>	Seller familiarity Online store visual appeal	Promise-to-be-fair
<i>Second-party</i>		Customer feedback
<i>Third-party</i>		Authority figure / expert endorsement National consumer authority endorsement European consumer authority endorsement

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- 77 Kim, D. J., Ferrin, D. L. & Rao, H. R. (2008). A Trust-Based Consumer Decision-Making Model in Electronic Commerce: The Role of Trust, Perceived Risk, and Their Antecedents. *Decision Support Systems*, vol. 44(2), 544-564.
- 78 McKnight, D. H., Kacmar C. J. & Choudhury, V. (2004). Shifting Factors and the Ineffectiveness of Third Party Assurance Seals: A Two-Stage Model of Initial Trust in a Web Business. *Electronic Markets*, vol. 14(3), 252-266.
- 79 Specifically, seals that deal with insurance or guarantee guarantee (AOL Certified Merchant Guarantee), security (VeriSign), and reliability (BBBOnLine Reliability Program). Reference: Hu, X., Lin, Z. & Zhang, H. (2003). Trust-Promoting Seals in Electronic Markets: An Exploratory Study of Their Effectiveness for Online Sales Promotion. *Journal of Promotion Management*, vol. 9(1-2), 163-180.
- 80 LaRose, R. & Rifon, N. J. (2007). Promoting i-Safety: Effects of Privacy Warnings and Privacy Seals on Risk Assessment and Online Privacy Behavior. *Journal of Consumer Affairs*, vol. 41(1), 127-149.
- 81 Miyazaki, A. D. & Krishnamurthy, S. (2002). Internet Seals of Approval: Effects on Online Privacy Policies and Consumer Perceptions. *Journal of Consumer Affairs*, vol. 36(1), 28-49.
- 82 Kim, D. J., Ferrin, D. L. & Rao, H. R. (2008). A Trust-Based Consumer Decision-Making Model in Electronic Commerce: The Role of Trust, Perceived Risk, and Their Antecedents. *Decision Support Systems*, vol. 44(2), 544-564.
- 83 Van Noort, G., Kerkhof, P. & Fennis, B. M. (2008). The Persuasiveness of Online Safety Cues: The Impact of Prevention Focus Compatibility of Web Content on Consumers' Risk Perception, Attitudes, and Intentions. *Journal of Interactive Marketing*, vol. 22(4), 58-72.

The current study mainly focuses on active quality cues. However, all cues mentioned in Table 3.1 are incorporated in either Preliminary study 2 or the main study. The cues tested in main study are based on the results of Preliminary study 2.

Potential reasons why quality cues may be effective in general have been hinted upon above (e.g., decreasing perceived risk). However, there are also well-known mechanisms for each specific cue that may contribute to its effectiveness. Specifically, people who are liked are trusted more (promise-to-be-fair), other people's opinions and behaviours are often followed (customer feedback), and authority figures are often trusted (authority figure endorsement and endorsement by a national or European consumer organisation).<sup>84</sup>

The current studies investigate the influence of **adding a quality cue** to an online store regarding the content of the terms and conditions (e.g., the logo of a consumer organisation with the statement saying that "these terms and conditions are fair") on trust and purchase intentions. The studies also examine which cue is most effective. Thus, one important contribution of the present research is the findings on the effectiveness of quality cues in the specific context of terms and conditions. Another important contribution of the present research is the comparative assessment of the impact of the different cue types on consumers' trust in the terms and conditions.

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84 E.g., Cialdini, R. (2001). *Influence: Science and Practice*. Boston: Allyn & Bacon.

## 4 Research methodology

In this chapter, we present our general methodology to gain insight into the effectiveness of interventions aimed at increasing transparency or at creating effortless awareness.

### 4.1 General approach

**Figure 4.1 Dual approach and research phases**

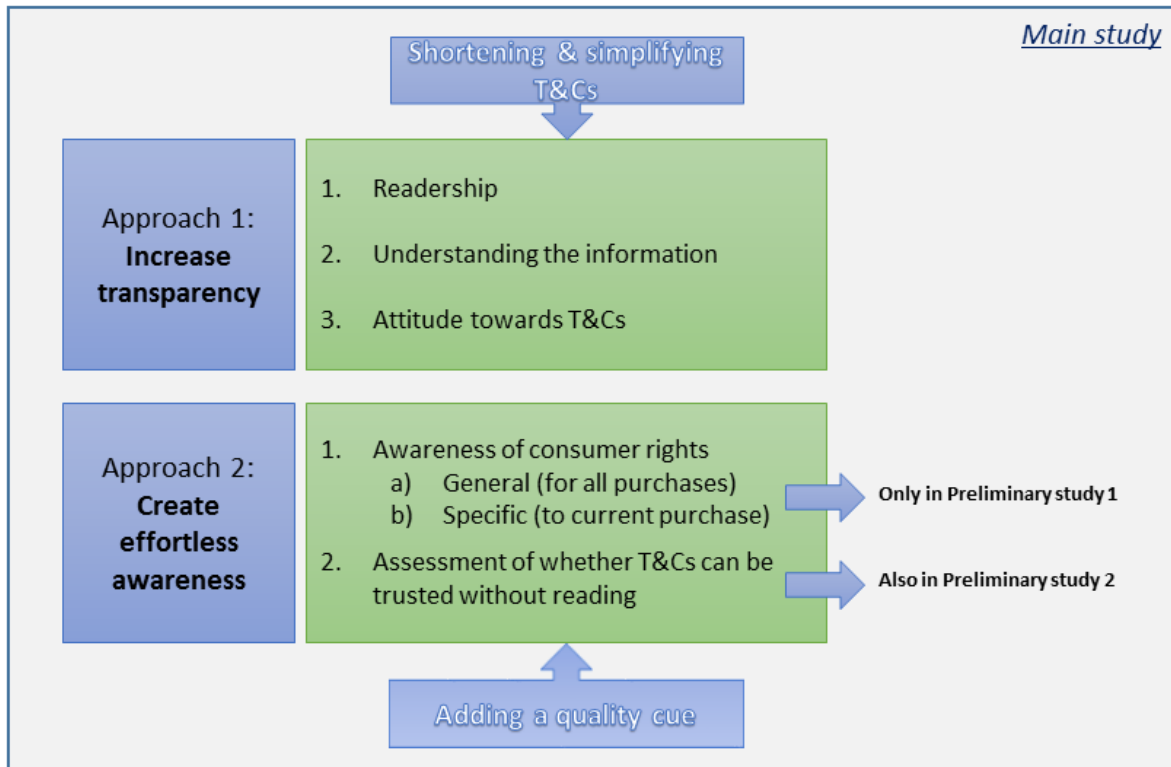


Figure 4.1 provides an overview of the two approaches. The research consists of two preliminary studies and a main study.

The preliminary studies provide:

1. An assessment of the current levels of consumer rights awareness, potentially via other routes than reading the T&Cs (i.e. general and specific awareness; both preliminary studies);
2. A first test of whether consumers use quality cues to judge whether terms and conditions can be trusted and if so, which cues are most effective (Preliminary study 2).

Besides providing these insights, Preliminary study 2 also provides input regarding which quality cues should be included in the main study.

The main study tests the effectiveness of several interventions aimed at increasing transparency (under the assumption that consumers are motivated to read at least parts of the terms and conditions) and effortless awareness (under the assumption that consumers are not motivated to the terms and conditions). Specifically, the interventions entail **simplifying and shortening the T&Cs** (increasing transparency) and **adding a quality cue to an online store** (creating effortless awareness).

## 4.2 Brief overview of the methodologies of the studies

Below, we provide a brief overview of the methodologies of the two preliminary studies and the main study. Appendix A provides more detailed descriptions of the methodologies of the studies. Moreover, the complete questionnaires can be found in Appendices B-D.

### 4.2.1 Preliminary study 1

Preliminary study 1 was an online survey that mainly aimed to 1) provide insight into consumers' general awareness of their rights and 2) explore which alternative strategies consumers may have to reading the T&Cs in order to inform themselves about store-specific terms and conditions. Specifically, the study investigated: 1) General online purchasing behaviour; 2) General awareness of consumer rights; 3) Specific awareness of consumer rights / alternative strategies of getting informed; 4) Experienced regret of not reading terms and conditions.

The questionnaire was administered to 7,404 Dutch members of the LISS panel, aged 16 years and older, of which 6,045 fully completed the questionnaire (response rate of 82%). Table 4.1 provides a summary of the background variables of the respondents who participated in this questionnaire.

**Table 4.1 Summary of background variables in Preliminary study 1**

Variable		Percentage
Age	15 - 24 years	11.3%
	25 - 34 years	12.1%
	35 - 44 years	14.8%
	45 - 54 years	17.7%
	55 - 64 years	19.1%
	65+ years	25.2%
Gender	female	53.4%
	male	46.6%
Education	primary	8.2%
	secondary	34.4%
	low vocational training	24.1%
	high vocational training	22.7%
	academic	10.3%
	unknown	0.3%
N		6,045

Note - Education categorisation is in line with the categorisation used by Statistics Netherlands.

### 4.2.2 Preliminary study 2

Preliminary study 2 consisted of an online experiment as well as a survey that was completed by a representative sample of 1,012 Dutch and Polish respondents. The study aimed to provide insight into: 1) The effects of quality cues on trust in the substantive quality of the T&Cs and purchase intentions, and 2) Negative consequences of not being sufficiently informed about the T&Cs. An additional important purpose of Preliminary study 2 was to provide input for the design of the main study, particularly which quality cues would be used in the main study.

In total, 506 Dutch respondents and 506 Polish respondents completed the questionnaire. Table 4.2 provides a summary of the background variables of the respondents who participated in this questionnaire.


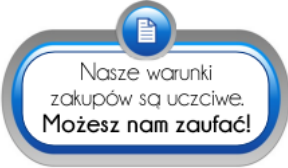









**Table 4.2 Summary of background variables in Preliminary study 2**

Country			Gender		Total
			female	male	
Poland	Age	18 - 25	25.5%	21.5%	23.6%
		26 - 35	19.0%	16.0%	17.6%
		36 - 45	20.2%	20.7%	20.4%
		46 - 55	20.2%	21.5%	20.8%
		56 - 65	15.2%	20.3%	17.6%
	Total	100.0%	100.0%	100.0%	
Netherlands	Age	18 - 25	21.0%	25.8%	23.4%
		26 - 35	21.0%	14.8%	18.0%
		36 - 45	19.5%	18.9%	19.2%
		46 - 55	20.6%	21.3%	21.0%
		56 - 65	17.9%	19.3%	18.6%
	Total	100.0%	100.0%	100.0%	
Total	Age	18 - 25	23.3%	23.7%	23.5%
		26 - 35	20.0%	15.4%	17.8%
		36 - 45	19.8%	19.8%	19.8%
		46 - 55	20.4%	21.4%	20.9%
		56 - 65	16.5%	19.8%	18.1%
	Total	100.0%	100.0%	100.0%	

The study consisted of three parts. Part 1 focused on effects of quality cues. Respondents were presented with pictures of existing or non-existing online stores. Some of these online stores were domestic – that is, presented in the language of the respondent – and some of these online stores were foreign. On these pictures of the websites, one of the following quality cues was presented (see Table 4.3 and Figure 4.2):

- No cue;
- Promise-to-be-fair by the seller;
- Customer feedback;
- Expert endorsement (by an academically well-reputed consumer law professor);
- Endorsement by national consumer organisation;
- Endorsement by European consumer organisation.

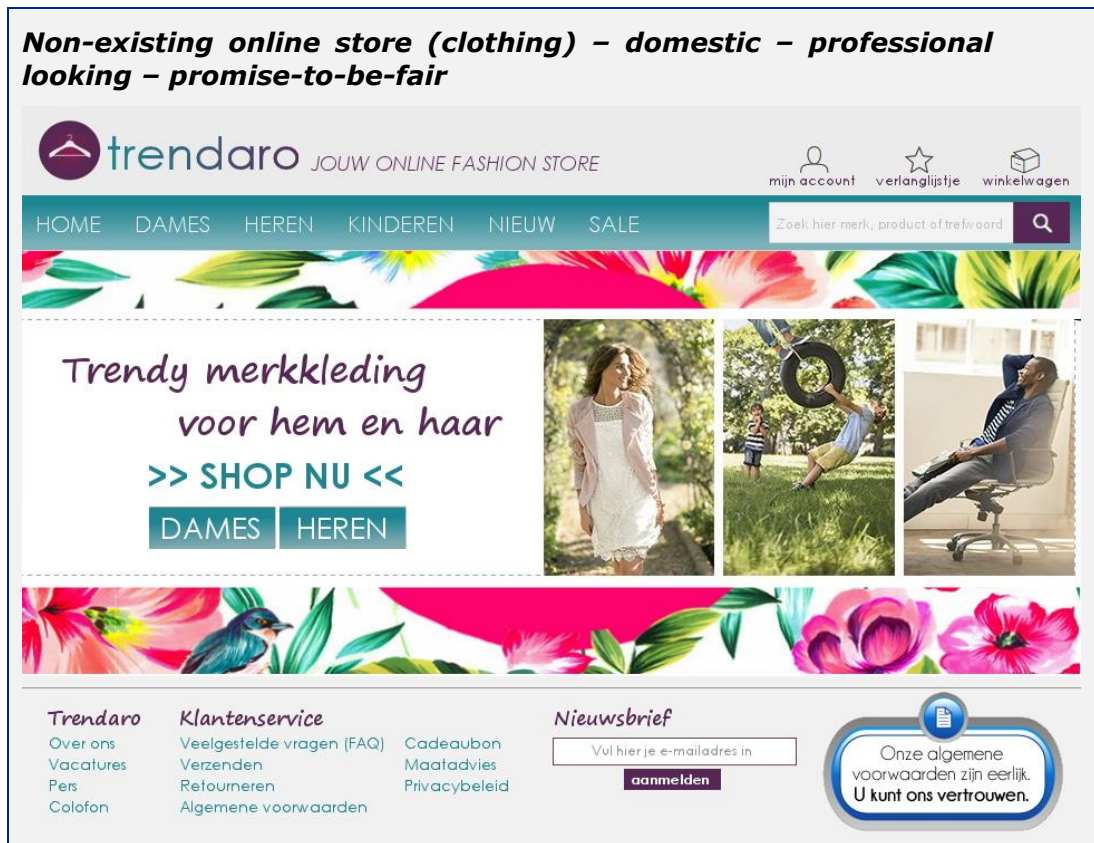
**Table 4.3 Quality cues tested in the experiment**

Quality cues		Netherlands	Poland
<i>First-party information</i>	Promise-to-be-fair		
<i>Second-party information</i>	Customer feedback		
<i>Third-party information</i>	Expert endorsement		N/A <sup>85</sup>
	National consumer authority endorsement (domestic online store)		
	National consumer authority endorsement (foreign online store)		
	European consumer authority endorsement		

85 A similar picture was used with a well-reputed Polish professor of consumer law, stating again that "these terms and conditions are fair" (for the Polish translation, see the text on the national consumer authority endorsement logo, which is the same). The Polish consumer law professor, who did not contribute to the substance of this report, kindly agreed to have his name used in the experiment under the condition that his name would not be mentioned in the published version of the report. As such, this picture is not available.



**Figure 4.2 Example of website image and quality cue**



After an introduction and instructions, respondents were shown eight website images, one at a time. For each image, they answered the following two questions measuring purchase intention and trust in the T&Cs:

1. Imagine that you are interested in [purchasing clothes/booking a hotel stay]. Would you consider [buying clothes at this online store/booking a hotel stay with this online provider]?  
Measured on a scale from (1) Certainly not to (7) Certainly so
2. How would you estimate the probability that there are unfair terms in the terms and conditions of this online store or provider?  
Measured on a scale from (1) Very small to (7) Very large.

The second part of the preliminary study examined the types and incidence of detrimental consequences of blind acceptance of terms and conditions. The third and last part of the survey measured relevant consumer characteristics.

### 4.2.3 Main study

The main study consisted of several online experiments and a survey. It was completed by 12,064 respondents in 12 different countries: Germany, Estonia, Spain, Finland, France, Italy, the Netherlands, Poland, Romania, Sweden, Slovenia, and the United Kingdom (for more information on the country selection, see Appendix A). The study focused on 1) Increasing transparency of the T&Cs by varying the length and complexity of the T&Cs, and 2) Increasing effortless awareness of the quality of the T&Cs by comparing the effects of different quality cues on trust in the T&Cs.

The socio-demographic make-up of the sample, regarding gender, age, and education level can be found in Table 4.4. The socio-demographic make-up per country, regarding age and gender, can be found in Table 4.5. The data were not weighted. Instead, specific quotas based on population statistics were used to draw nationally representative samples. Of all respondents, 19.3% indicated that they do not

understand English.<sup>86</sup> Because in one of the first two experiments respondents encountered a foreign website in English, 10.2% of respondents did not participate in Experiment 1 and 9.2% of the respondents did not participate in Experiment 2. For the other respondents, we also measured English language understanding on a 7-point scale. Specifically, at the end of the questionnaire, we asked respondents to what extent they had been able to understand the English on the websites they encountered. On average, this (subjective) English language understanding was of a high level ( $M = 5.81$  on a 7-point scale). We also measured education and asked respondents whether they considered themselves an expert in consumer law (13.4% considered themselves experts).

**Table 4.4 Sample description overall sample of the main study (12 countries;  $N = 12,064$ )**

Variable		Percentage
Age	18 - 25 years	15.6%
	26 - 35 years	23.3%
	36 - 45 years	23.5%
	46 - 55 years	21.3%
	56 - 99 years	16.2%
Gender	female	53.6%
	male	46.4%
Education	Early childhood education (ISCED 0)	0.3%
	Primary education (ISCED 1)	0.9%
	Lower secondary education (ISCED 2)	6.8%
	Upper secondary education (ISCED 3)	31.2%
	Post-secondary non-tertiary education (ISCED 4)	14.6%
	Short-cycle tertiary education (ISCED 5)	11.2%
	Bachelor's or equivalent level (ISCED 6)	18.9%
Expert in consumer law	Master's or equivalent level (ISCED 7)	14.4%
	Doctoral or equivalent level (ISCED 8)	1.7%
		13.4%

**Table 4.5 Sample description per country of the main study**

Country			Gender		Total
			female	male	
Germany ( $N = 1003$ )	Age	18 - 25	15.3%	12.0%	13.7%
		26 - 35	20.2%	22.7%	21.4%
		36 - 45	25.3%	29.0%	27.1%
		46 - 55	22.5%	21.5%	22.0%

<sup>86</sup> There were slightly more females in this group than males (59.1%). It is also a slightly older group, since the mean age is 46 years (57.6% is older than 46). These respondents also had a somewhat lower education: 73.9% had education levels of ISCED 4 or lower and 26.1% ISCED 5 or higher.

Study on consumers' attitudes towards Terms and Conditions (T&Cs)

Country			Gender		Total
			female	male	
Estonia (N = 1007)	Total	56 - 65	16.7%	14.8%	15.8%
			100.0%	100.0%	100.0%
	Age	18 - 25	11.9%	12.5%	12.1%
		26 - 35	24.4%	21.7%	23.6%
		36 - 45	23.3%	22.6%	23.1%
		46 - 55	24.4%	24.5%	24.4%
56 - 65		15.9%	18.7%	16.8%	
Total		100.0%	100.0%	100.0%	
Spain (N = 1007)	Total	18 - 25	14.5%	11.5%	13.0%
			26.1%	30.8%	28.4%
	Age	36 - 45	23.9%	25.8%	24.8%
		46 - 55	20.6%	19.9%	20.3%
		56 - 65	14.9%	12.1%	13.5%
		Total		100.0%	100.0%
Finland (N = 1002)		Total	18 - 25	15.6%	15.4%
			21.4%	20.1%	20.8%
	Age	36 - 45	21.4%	21.3%	21.4%
		46 - 55	23.7%	24.4%	24.1%
		56 - 65	17.9%	18.9%	18.4%
		Total		100.0%	100.0%
France (N = 1002)		Total	18 - 25	15.1%	16.2%
			20.4%	22.8%	21.6%
	Age	36 - 45	24.0%	26.1%	25.0%
		46 - 55	22.7%	20.7%	21.8%
		56 - 65	17.8%	14.2%	16.2%
		Total		100.0%	100.0%
Italy (N = 1005)		Total	18 - 25	15.0%	12.4%
			19.6%	21.8%	20.7%
	Age	36 - 45	26.4%	29.2%	27.8%
		46 - 55	22.1%	20.0%	21.1%
		56 - 65	16.9%	16.5%	16.7%
		Total		100.0%	100.0%
Netherlands (N = 1001)		Total	18 - 25	19.3%	18.0%
			15.9%	15.1%	15.5%
	Age	36 - 45	21.6%	18.0%	19.9%
		46 - 55	23.1%	25.9%	24.5%
		56 - 65	20.1%	23.0%	21.5%
		Total		100.0%	100.0%
Poland (N = 1008)		Total	18 - 25	19.5%	17.8%
			24.7%	28.6%	26.6%
	Age	36 - 45	21.2%	22.5%	21.8%
		46 - 55	21.6%	17.2%	19.4%
		56 - 65	13.1%	13.9%	13.5%
		Total		100.0%	100.0%
Romania (N = 1011)		Total	18 - 25	18.2%	22.0%
			33.0%	30.2%	31.7%
	Age	36 - 45	19.4%	22.0%	20.7%
		46 - 55	19.0%	15.3%	17.2%
		56 - 65	10.4%	10.4%	10.4%
		Total		100.0%	100.0%
Sweden (N = 1005)		Age	18 - 25	17.6%	21.5%
	26 - 35		20.0%	19.3%	19.7%
	36 - 45		19.8%	19.8%	19.8%

Country			Gender		Total
			female	male	
Slovenia (N = 1004)		46 - 55	22.6%	18.7%	20.8%
		56 - 65	20.0%	20.7%	20.3%
	Total		100.0%	100.0%	100.0%
	Age	18 - 25	15.7%	12.0%	14.1%
		26 - 35	25.0%	27.5%	26.1%
		36 - 45	29.8%	27.1%	28.6%
		46 - 55	18.3%	17.2%	17.8%
56 - 65		11.1%	16.3%	13.4%	
Total		100.0%	100.0%	100.0%	
United Kingdom (N = 1010)	Age	18 - 25	15.5%	10.0%	12.8%
		26 - 35	22.8%	25.4%	24.0%
		36 - 45	22.9%	21.6%	22.3%
		46 - 55	21.0%	23.9%	22.4%
		56 - 65	17.8%	19.1%	18.4%
	Total		100.0%	100.0%	100.0%

The study consisted of four parts: three experiments and a survey measuring consumer characteristics. In two experiments (Experiments 1 and 2), respondents went through the steps of an ordering process on a dynamic website. In one experiment (Experiment 3), respondents encountered pictures of websites, similar to those of Preliminary study 2. Some were domestic and some were foreign. Moreover, in Experiment 3, some online stores were existing, some non-existing.

Experiment 1 focused on varying the length and complexity of the T&Cs. Specifically, we investigated whether shortening and simplifying the T&Cs would increase readership and comprehension of the T&Cs and consumers' attitudes towards the T&Cs. Respondents were randomly assigned to one of the conditions of Table 4.6.

**Table 4.6 Conditions in Experiment 1**

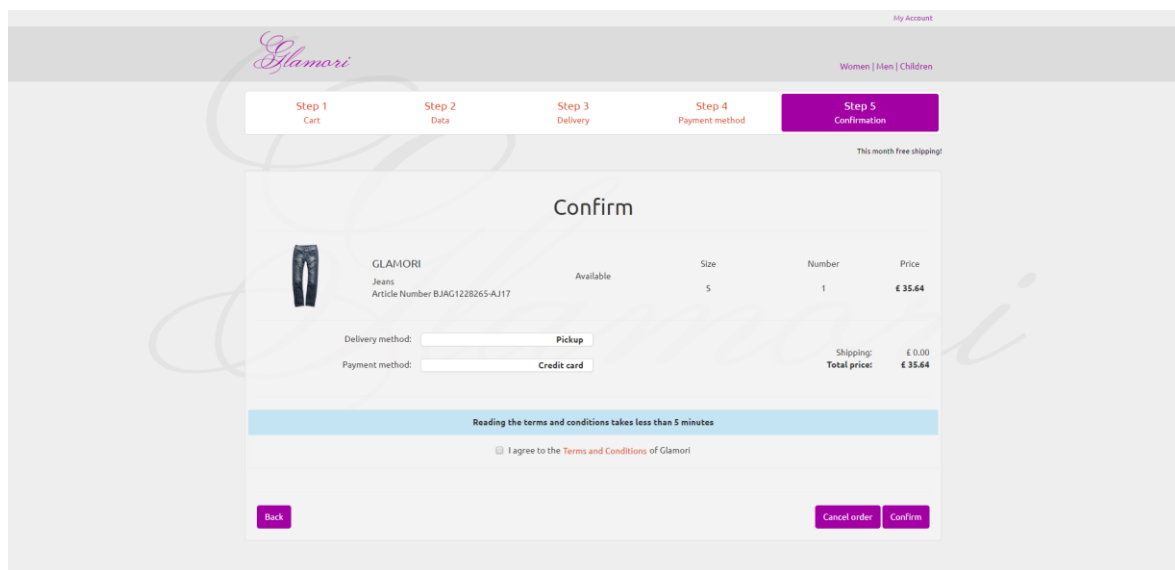
Condition	Factor 1: Type of online store	Factor 2: Type of T&Cs
1	Domestic	Long and complex
2	Domestic	Short and complex
3	Domestic	Short and simple
4	Domestic	Extremely short and simple
5	Foreign	Long and complex
6	Foreign	Short and complex
7	Foreign	Short and simple
8	Foreign	Extremely short and simple

Experiment 2 focused on the effects of adding a quality cue on consumers' trust in the quality of the T&Cs. Respondents were randomly assigned to one of the conditions of Table 4.7. We measured the extent to which respondents trusted the seller and the extent to which they trusted the T&Cs. At the end of the questionnaire, we also measured the extent to which they trusted the cues that were presented on these online stores. In addition, we investigated whether adding a reading cost cue, stating that "reading the terms and conditions takes less than five minutes", would affect the number of respondents accessing the T&Cs to read them (Figure 4.3).

**Table 4.7 Conditions in Experiment 2**

Condition	Factor 1: Type of online store	Factor 2: Type of quality cue
1	Domestic	No cue
2	Domestic	Reading cost cue
3	Domestic	National CO endorsement
4	Domestic	European CO endorsement
5	Foreign	No cue
6	Foreign	Reading cost cue
7	Foreign	National CO endorsement
8	Foreign	European CO endorsement

**Figure 4.3 Example of the website with the reading cost cue (in blue)**



Experiment 3 also focused on the effects of adding a quality cue on consumers' trust in the quality of T&Cs. Respondents were shown pictures of websites instead of a dynamic website. Respondents were assigned to two of the conditions of Table 4.8. We measured trust in the T&Cs and purchase intention. At the end of the study, we also measured the extent to which they trusted the cues that were presented on these websites through a questionnaire.

**Table 4.8 Conditions in Experiment 3**

Condition	Factor 1: Store	Factor 2: Type of online store	Factor 3: Type of quality cue
1	Existing	Domestic	No cue
2	Existing	Domestic	Customer feedback
3	Existing	Domestic	National CO endorsement
4	Existing	Domestic	European CO endorsement
5	Existing	Foreign	No cue
6	Existing	Foreign	Customer feedback
7	Existing	Foreign	National CO endorsement
8	Existing	Foreign	European CO endorsement
9	Non-existing	Domestic	No cue
10	Non-existing	Domestic	Customer feedback

<b>Condition</b>	<b>Factor 1: Store</b>	<b>Factor 2: Type of online store</b>	<b>Factor 3: Type of quality cue</b>
11	Non-existing	Domestic	National CO endorsement
12	Non-existing	Domestic	European CO endorsement
13	Non-existing	Foreign	No cue
14	Non-existing	Foreign	Customer feedback
15	Non-existing	Foreign	National CO endorsement
16	Non-existing	Foreign	European CO endorsement

For more information, we would like to refer to the appendices: Appendix A for a detailed description of the methodologies of the studies, Appendix B, C, and D for the questionnaires used in Preliminary study 1, Preliminary study 2, and the main study, respectively.

## 5 Preliminary study 1: General and specific awareness of consumer rights

### Summary

Preliminary study 1 was an online survey that mainly aimed to 1) provide insight into consumers' general awareness of their rights and 2) explore which alternative strategies consumers may have to reading the T&Cs in order to inform themselves about store-specific terms and conditions. Specifically, the study measured online purchasing behaviour in general, general awareness of consumer rights, specific awareness of consumer rights / alternative strategies of getting informed, and experienced regret of not having read terms and conditions.

### Online purchasing behaviour

Most Dutch consumers (78.7%) shop online nowadays. Dutch consumers have a strong preference for domestic online stores over foreign stores. Consumers most frequently buy from online-only stores.

### General awareness / Consumers' knowledge of their general rights

Consumers' perceived knowledge about consumer rights related to online purchases is quite high (at or above the midpoint of the scale on all items), with the highest perceived knowledge about delivery costs. However, observed knowledge is limited, indicating that consumers typically overestimate their knowledge about consumer rights. The correlation between perceived and observed knowledge is positive (the higher perceived knowledge, the higher actual knowledge) but weak, suggesting that many consumers do not have accurate perceptions of their knowledge about consumer rights.

### Specific awareness / Alternative strategies

Consumers report to have a need for a substantial amount of information before making a purchase online (on average, they report a need for 5.5 out of 11 types of information), and delivery information is seen as particularly important. Nevertheless, 56% would hardly spend any time looking for the information they deem important.

### Experienced regret of not reading the terms and conditions

When asked about whether they have experienced regret due to not having read the T&Cs, issues concerning delivery are most frequently mentioned, followed by issues related to return policy and costs.

### 5.1 Online purchasing behaviour

Table 5.1 shows that the large majority of Dutch consumers (78.7%) report to have shopped online in the past year.<sup>87</sup> Only about a fifth of the consumers (21.3%)

87 Eurostat data reveal that in 2015, 59% of Dutch consumers shopped online during the last three months, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tin00067&>



indicate that they did not make any online purchases in the past year, whereas 29.0% indicates to have purchased online regularly or often. The largest group exists of consumers who indicate to sometimes shop online (49.7%).

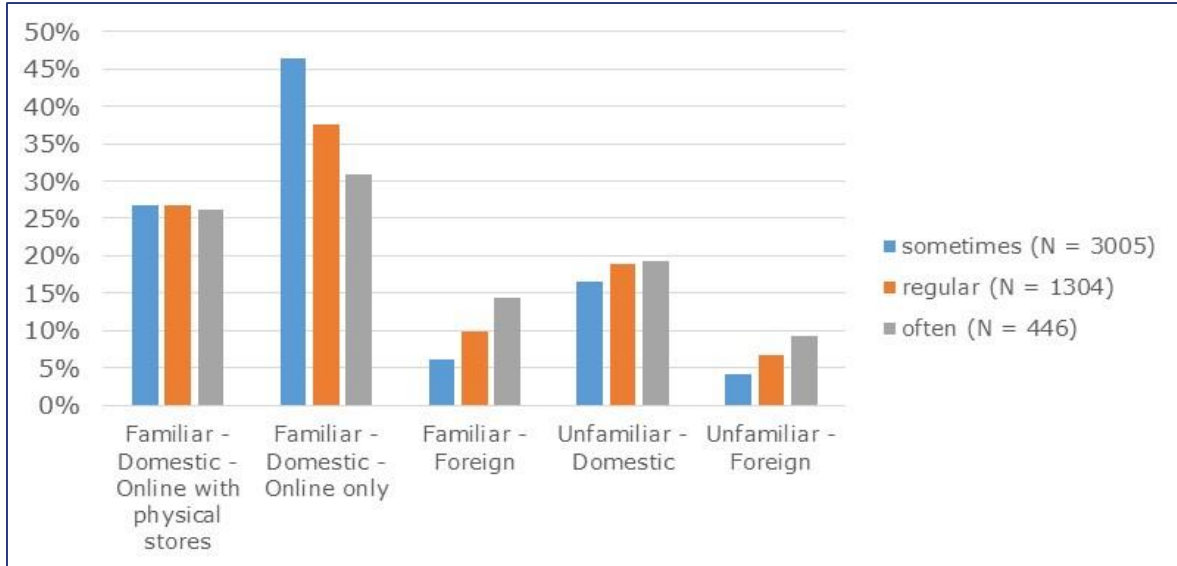
**Table 5.1 Online shopping behaviour: In the past year, did you make any purchases online?**

	Percentage
No, never	21.3%
Yes, sometimes	49.7%
Yes, regularly	21.6%
Yes, often	7.4%

N = 6,045.

In the cases where people indicated that they had shopped online during the past year, a follow-up question was asked about the kind of online stores they made their purchases in. Figure 5.1 shows where people shopped online (multiple responses were allowed). It is clear from the results that Dutch consumers have a strong preference for Dutch online stores over foreign stores. We made a further distinction between Dutch online stores that also have a physical store that consumers can visit, and Dutch online stores that sell goods only online. Figure 5.1 shows that consumers mainly seem to make online purchases from online-only stores. Especially the occasional online shoppers ("sometimes") choose to buy from the online-only stores. Furthermore, it is interesting to note that consumers who often shop online are also more likely to shop at less familiar Dutch online stores and foreign online stores.

**Figure 5.1 Online shopping behaviour: At what kind of online stores did you make these purchases?**



plugin=1. The percentage we report is higher because we measured how many consumers shopped online during the entire year.



## 5.2 Consumers' awareness of their general rights

### Consumers' perceived knowledge level

The level of perceived knowledge was measured by three knowledge dimensions (Table 5.2). Specifically, respondents read: "You indicated that you sometimes purchase from well-known Dutch online stores. Please think about a well-known Dutch online store where you have made one or more purchase(s) during the past year." On a 5-point scale from (1) not at all knowledgeable to (5) very knowledgeable they answered the following questions:

- a) How knowledgeable are you when it comes to the delivery costs this online store charges?
- b) How knowledgeable are you when it comes to the withdrawal period of this online store (i.e. what is the period in which you may return a purchase)?
- c) How knowledgeable are you about what has to be done when you do not receive your purchase within the dictated delivery period?

**Table 5.2 Perceived knowledge of the terms and conditions of a well-known online store**

Knowledge dimension	Mean	1 (not at all knowledgeable)	2	3	4	5 (very knowledgeable)
Delivery costs	4.21	2.7%	3.7%	13.1%	31.2%	49.4%
Withdrawal period	3.45	8.3%	15.3%	24.3%	27.3%	24.8%
Delivery	3.05	14.2%	21.4%	25.9%	22.4%	16.2%
Overall	3.57	NA	NA	NA	NA	NA

Perceived knowledge level measured on a 5-point scale from (1) not at all knowledgeable to (5) very knowledgeable. N = 4,298.

Consumers indicate to have best knowledge of the delivery costs the online stores charges ( $M = 4.21$ ), followed by the withdrawal period (the period in which you may return a purchase) ( $M = 3.45$ ), and their rights concerning delivery ( $M = 3.05$ ). Differences are significant,  $ps < .001$ . More than 80% of the consumers indicate to be (very) knowledgeable of the delivery costs (80.6%), whereas for the withdrawal period this is roughly half (52.1%), and for their rights related to the delivery of the good or service only 38.6%. It should be noted that these numbers represent perceived knowledge – knowledge that consumers think they have – which may deviate from actual knowledge. We therefore also measured respondents' actual knowledge, resulting in a more objective measure.

### Observed knowledge level

The actual or observed level of consumer knowledge was measured by means of six multiple choice quiz questions (see Box 5.1). To reduce respondent burden half of the consumers responded to the first three questions and the other half answered the final three questions.

#### **Box 5.1 Quiz questions on knowledge of consumer rights (correct answer in bold font) (Questions 8-13)**

**Q8.** (*withdrawal 1*) Please imagine that you have bought a sweater in an online store. You only tried the sweater on for a bit and the tags are still on. What are your rights when you come to regret purchasing this sweater?

- 1) The online store does not have to take the sweater back;
- 2) The online store has to take the sweater back if the withdrawal period of 7 days did not yet expire;

**3) The online store has to take the sweater back if the withdrawal period of**

**14 days did not yet expire;**

4) The online store has to take the sweater back if the withdrawal period of 30 days did not yet expire.

**Q9. (quality guarantee 1)** Please imagine that you bought a new refrigerator online. The refrigerator has a 12 month manufacturer warranty. After almost two years the motor of the refrigerator breaks down. You can prove that you always used the refrigerator in a proper way. What are your rights in this situation?

1) The period of the manufacturer warranty has expired and you are not entitled to a free repair or a new refrigerator;

**2) The online store has to offer a free repair or a new refrigerator. If you have to pay extra, you may dissolve the purchase agreement. In this case the refrigerator has to be returned to the online store and you will be reimbursed (partly);**

3) The online store has to check if a repair is possible. Since the manufacturer warranty expired, you will have to pay for the repair yourself;

4) The online store has to redirect you to the manufacturer. The manufacturer will decide if a repair is possible or if the refrigerator has to be replaced with a new one. Since the manufacturer warranty expired, you will have to pay part of the costs of the repair yourself.

**Q10. (delivery 1)** Please imagine that you ordered a book in an online store. The book was never delivered to you because the parcel got lost. This means you did not sign for receipt. What are your rights in this situation?

1) The online store is not responsible for the lost parcel and does not have to reimburse you;

2) The online store is not responsible but has to redirect you to the parcel post office. The parcel post office has to reimburse you for the lost book;

**3) The online store is responsible and has to reimburse you, or send you a new book;**

4) The online store is responsible and has to reimburse you, or send you a new book, unless their terms and conditions explicitly say the online store is not liable for lost parcels.

**Q11. (withdrawal 2)** Please imagine that you have bought a sweater in an online store. The sweater was on sale with 50% off the original price. You only tried the sweater on for a bit and the tags are still on. What are your rights when you come to regret purchasing this sweater?

1) The online store does not have to take the sweater back;

2) The online store has to take the sweater back, but does not have to reimburse you; the online store may let you choose a different product for the amount you are credited for;

3) The online store has to take the sweater back, but does not have to reimburse you; the online store may give you a coupon for the amount you are credited for;

**4) The online store has to take the sweater back and is obliged to reimburse you.**

**Q12. (delivery 2)** Please imagine that you ordered a new clock online. You paid for the clock through online banking. On the website it does not say what the maximum delivery period of the clock is. Three weeks later you still did not receive the clock. What are your rights in this situation?

**1) If the online store did not provide information about the maximum delivery period, a legal maximum delivery period of 30 days applies. Thus, the online store still has more than a week to deliver the clock to you;**

2) Since the online store did not provide a maximum delivery period, you cannot call the online store to account for this. You should have come to an agreement on the maximum delivery period before you made the purchase;

3) Since the online store did not provide a maximum delivery period, you cannot call

the online store to account for this. You can still contact the online store to come to an agreement on the maximum delivery period. If the online store does not honour this agreement you have the right to dissolve the purchase without any charges;  
 4) Online stores are legally obliged to provide the maximum delivery period. In this case the online store did not meet this obligation and you have the right to dissolve the purchase without any charges.

**Q13.** (*withdrawal 3*) You want to order some products at an online store selling home appliances, such as a waste bin, an ironing board, and a laundry basket. Beforehand you take into account that you might return part of or the entire order if you are not satisfied with it. Since these are sizable products, the order cannot be returned through the regular post services; it has to be returned through parcel post. What are the obligations of the online store in this situation?

**1) The online store has to pay for the costs of the return shipment, unless before the purchase the online store explicitly stated that the customer has to pay for these costs and provided an estimation of these costs;**

2) The online store has to pay for the costs of the return shipment, unless before the purchase the online store explicitly stated that the customer has to pay for these costs. The online store does not have to provide you with an estimation of these costs;

3) You have to pay for the return shipment yourself, unless the online store indicated that you can return your purchase without any costs;

4) You have to pay for the return shipment yourself if you return the entire order. If you return one or more products from your order, the online store has to pay for the return shipment.

Table 5.3 displays the percentage of consumers that correctly answered each of the knowledge questions. Only one question (withdrawal question 2) was answered correctly by the majority of consumers (71.2%); the other question items were answered correctly by less than 50% of the consumers. Knowledge of consumer rights thus seems to be overestimated by consumers.

**Table 5.3 Observed knowledge of consumer rights based on six quiz questions, per question**

Question	Percentage correct	Response (answer 1-2-3-4)			
Withdrawal 1	44.0%	2.7%	34.9%	<b>44.0%</b>	18.4%
Quality guarantee 1	14.1%	33.2%	<u>14.1%</u>	15.7%	<b>37.0%</b>
Delivery 1	39.8%	3.8%	12.6%	39.8%	<b>43.9%</b>
Withdrawal 2	71.2%	5.8%	6.0%	17.0%	<b>71.2%</b>
Delivery 2	22.7%	<u>22.7%</u>	7.4%	18.9%	<b>51.0%</b>
Withdrawal 3	29.0%	<u>29.0%</u>	17.5%	<b>47.6%</b>	5.9%

Most selected answer in bold; correct answer underlined. N = 2,999 for the first three questions (group 1); N = 3,046 for the last three questions (group 2).

Respondents were asked to answer three questions about their general consumer rights. If a respondent answered all three questions incorrectly, the respondent was classified as having "no knowledge" and if a respondent answered all three questions correctly, the respondent was classified as having "good knowledge" of consumer rights. The sample was randomly divided into two groups and each group received a different set of questions. Table 5.4 presents an overview of the relative knowledge level of the respondents in each subsample (subset of three questions). The two groups differ significantly from each other (independent samples t-test;  $p < .001$ ), which implies that the two sets of questions on knowledge regarding consumer rights differ in level of difficulty. It should be noted that even with this difference in difficulty, the number of respondents having a good knowledge of consumer rights is low in both groups.

**Table 5.4 Observed knowledge of consumer rights based on quiz questions, overall**

		Total	Group 1	Group 2
No knowledge	0 questions correct	24%	31%	16%
Poor knowledge	1 question correct	46%	43%	49%
Moderate knowledge	2 questions correct	26%	22%	30%
Good knowledge	3 questions correct	4%	4%	5%
	Avg. number correct	1.1	1.0	1.2
	N	6,045	2,999	3,046

Groups 1 and 2 received different sets of three quiz questions.

We examined whether the observed knowledge about consumer rights was related to online shopping behaviour, gender, age, and education. Surprisingly, observed consumer knowledge is not significantly related to online shopping behaviour, meaning that consumers who often shop online do not have higher knowledge about consumer rights than consumers who seldom shop online ( $X^2 = 19.30, p = .200$ ). It is, however, related to gender and age. Specifically, men have slightly higher observed consumer knowledge than women ( $X^2 = 21.24, p < .001$ ). Moreover, the older people are, the higher their observed consumer knowledge ( $r = .090, p < .001$ ; note that the effect is very small).

Table 5.5 shows the perceived knowledge for each level of observed knowledge. The correlation between perceived and observed knowledge is positive and significant ( $p < .001$ ), but weak ( $r = .085$ ). This implies that many consumers over- or underestimate their actual knowledge of consumer rights. This may have implications for their strategies to read or not read terms and conditions: Not knowing about their ignorance may withhold consumers from obtaining more knowledge by reading terms and conditions.

**Table 5.5 Relationship between perceived and observed knowledge of consumer rights**

Observed knowledge level	Perceived knowledge level	N
No knowledge	3.44	1,436
Poor knowledge	3.58	2,796
Average knowledge	3.65	1,559
Good knowledge	3.76	254
Total	3.57	4,298

Perceived knowledge level measured on a 5-point scale from (1) not at all knowledgeable to (5) very knowledgeable.

### 5.3 Alternative strategies to get informed about consumer rights and obligations

Respondents were asked to indicate what type of information they needed before they would decide to make a purchase in an online store. This may be information that actually covers general consumer rights or information that applies to the store specifically. A list of eleven options was shown to the respondent, multiple answers were allowed (Table 5.6). The delivery costs (89.2% of respondents), payment options (77.6%) and delivery period (76.6%) constitute the top three pieces of information consumers want to have before making a purchase.

**Table 5.6 What type of information would you want to have before making a purchase?**

	<b>% of respondents</b>
The delivery costs	89.2%
The payment options (e.g. credit card, online bank transfer, PayPal, money transfer, paying in arrears)	77.6%
The delivery period: the period in which the online store delivers the product to you	76.6%
Whether or not you have to pay shipping cost in case of withdrawal	56.3%
The guarantee period: the period during which a product is covered by a legal guarantee	45.1%
The manner in which a product has to be sent back in case of withdrawal (e.g. parcel post, brought to an establishment)	42.4%
The withdrawal period: the period in which you have to decide whether or not you want to return a purchase	39.8%
How soon you will get your money back when you return a purchase	36.1%
The privacy stipulation (e.g. what does the online store use your personal data for)	33.8%
The conditions regarding the guarantee (e.g. what is and is not covered by the guarantee, whether or not you are entitled to a repair versus a new product)	30.9%
The complaints procedure (e.g. how can you file a complaint)	25.5%

N = 6,045.

On average respondents selected 5.5 of the eleven types of information (standard deviation = 2.9). The more that consumers shop online, the less information they need to have before making an online purchase (see Table 5.7).

**Table 5.7 Online shopping behaviour and the need for information**

<b>Online shopping behaviour</b>	<b>Average number of information types</b>	<b>Standard deviation</b>	<b>N</b>
Never	5.87	3.56	1290
Sometimes	5.55	2.87	3005
Regularly	5.28	2.47	1304
Often	5.16	2.46	446

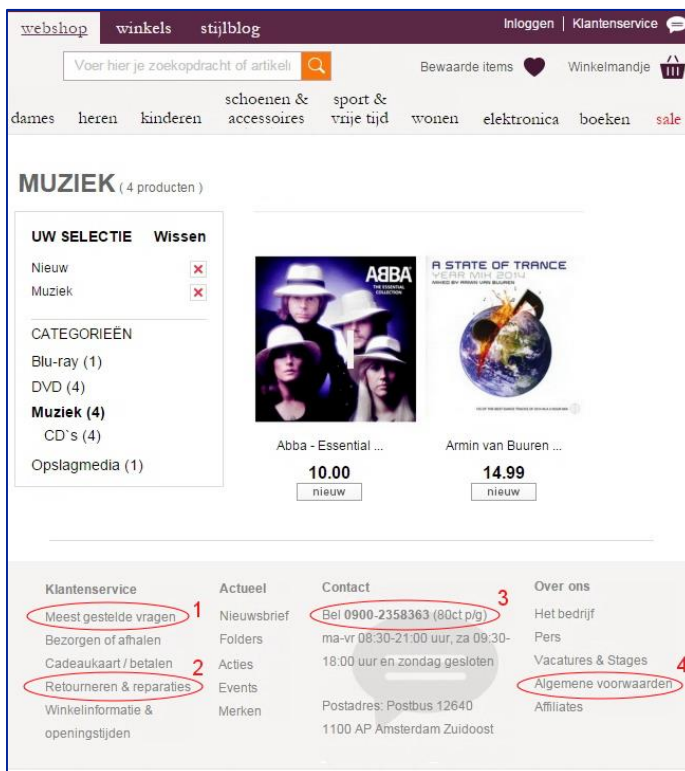
Average number of information types out of eleven. N (total) = 6,045.

In addition, respondents were presented with a hypothetical situation of an online purchase at an unknown online store. The majority of the 6045 respondents (56%) indicate that they would hardly spend any time or no time at all looking for information they consider important. These respondents would mainly check whether the online store has a trust mark (39%), just trust that the terms and conditions are generally the same as in other online stores (20%) or that the terms and conditions are reasonable (16%), not look for the information because they are well aware of their consumer rights (8%) or spend little or no time for some other reason (16%). The remaining 44% of the respondents indicate that they would, in this particular

case, spend a considerable amount of time<sup>88</sup> to look for information regarding the terms and conditions of the purchase.

Respondents were also asked to indicate *how* they would look for the information they indicated to be important to them, by showing them a mock website (see Figure 5.2). The red circles show the locations at which respondents could look for information, i.e. by clicking on (1) a link to the Frequently Asked Questions, (2) a direct link to the information (e.g., "Returns"), (3) contact information of the online store, and (4) a link to the terms and conditions. Checking the T&Cs when presented during the ordering process (rather than via the link on the homepage) was also provided as a response option.

**Figure 5.2 Mock website**



Even though the direct question is likely to evoke socially desirable responses and hence an overestimation of information seeking behaviour for all information sources<sup>89</sup>, comparing answers across the sources provides useful insights. Table 5.8 shows that only a relatively small fraction of the respondents indicate that they would read the T&Cs when they are presented during the ordering process (15.9%). About half of the respondents (49.4%) indicate that they would check the FAQ to look up the information they consider important. Thus, it seems that respondents often find other ways to obtain information than reading the T&Cs.

<sup>88</sup> Which was the exact wording of this option in the questionnaire.

<sup>89</sup> We aimed to reduce the social desirability bias by employing an experimental research design in the main study.

**Table 5.8 How to look for information when shopping online?**

	Percentage
Check FAQ	49.4%
Check T&Cs before purchase	35.3%
Check direct links on homepage	33.7%
Contact online store	16.8%
Check T&Cs during purchase	15.9%
Other	12.6%

N = 6,045.

#### 5.4 Experienced regret

Experienced regret due to not having read the terms and conditions was measured through an open question. Specifically, respondents were asked "Did you ever regret not reading the terms and conditions thoroughly after you made a purchase (for example regarding the delivery, payment, withdrawal period, warranties)? And if so, could you describe this situation?"

About 9% of the online shoppers indicate that they have experienced regret due to not having read the terms and conditions. The three most frequently experienced issues are 1) that the delivery period was longer than expected<sup>90</sup>; 2) additional costs that were charged for returning purchases; 3) specific return policy rules (such as through a special pick-up point, forfeiting the right to withdrawal when opening the package, etc.).

90 This finding is in line with Eurostat data showing that in 2015, consumers encountering problems when purchasing over the internet, most often indicated that the speed of delivery was the issue, <http://ec.europa.eu/eurostat/en/web/products-press-releases/-/4-11122015-AP>.



## 6 Preliminary online study 2: Quality cues and consumer detriment

### Summary

The second preliminary study provides several insights into the effects of quality cues and negative consequences of not being informed about the terms and conditions.

### Quality cues

In general, quality cues seem to affect trust and purchase intentions, but the effects sometimes depend on store characteristics (whether the store is domestic or foreign, existing or non-existing, and professional or semi-professional). **Promise-to-be-fair** and **expert endorsement** seem to have no or even detrimental effects (e.g., in the domestic, non-existing, professional store they lower purchase intentions compared to a no cue situation). **Customer feedback**, **national consumer organisation endorsement**, and **European consumer organisation endorsement** do sometimes have positive effects. These effects are mainly present for domestic, existing online stores, although an endorsement by a European consumer organisation also has a positive effect for foreign online stores.

It is difficult to draw definite conclusions on effects of familiarity because the factor store characteristics consisted of more than just the familiarity dimension. In addition to the existing/non-existing also domestic/foreign and professional/semi-professional dimensions were included. As such, it is not clear whether effects were due to familiarity or one of the other dimensions. However, as a tentative conclusion it does seem that positive effects of quality cues are more pronounced for familiar than for unfamiliar online stores. The main study further examines effects of familiarity by separating the existing/non-existing and the domestic/foreign factors.

### Negative consequences of not being informed

When asking about problems that respondents encountered because of insufficient knowledge of the T&Cs, 26.6% of respondents in the Netherlands and Poland indicate that they encountered a purchase situation in the 12 months prior to the interview without sufficiently knowing the terms and conditions that applied to that purchase, and experienced problems because of that. As in Preliminary study 1, delivery issues are most frequently mentioned, followed by issues related to returns, guarantee, and payment. For the majority of experienced problems, the costs involved are below 100 euros (62.7%) and related to either contacting the seller or an inability to make use of the product or service. The incidences occur in a wide variety of industries, with electronic equipment (22.8%) and clothing and sports equipment (20.9%) being the most prominent ones. Moreover, 66.8% of these problems occur with online purchases. For 37.8% of the problems related to domestic purchases and no less than 65.5% of the problems related to cross-border purchases, consumers blame themselves. 52.7% of the consumers consider the problem serious.

Furthermore, of the consumers reporting to have experienced a serious problem due to not knowing the T&Cs, 57.9% did not take any action against the trader. This suggests that a large number of consumers who do not read the T&Cs before the contract is concluded is also not likely to take any action against the trader in case of problems.

Finally, similar to Preliminary study 1, respondents' observed knowledge concerning consumer rights is limited.



## 6.1 Part 1: The use of quality cues to assess the reliability of T&Cs

As indicated in Chapter 4, Preliminary study 2 was conducted to provide insight into: 1) The effects of quality cues on trust in the substantive quality of the T&Cs and purchase intentions; 2) Negative consequences of not being sufficiently informed about the T&Cs. An additional important purpose of Preliminary study 2 was to provide input for the design of the main study, particularly which quality cues would be investigated further in the main study.

Part 1 tested the impact of quality cues on consumers' trust in the substantive quality of the terms and conditions and on their intention to make a purchase at the particular online store. The quality cues were a combination of "active" (specifically designed to build trust) and "passive" quality cues (such as the familiarity of the seller; for a more detailed explanation, see section 3.3.3).

To be able to properly interpret the impact of the quality cues in the experimental part, it is important to gain insight into the extent to which respondents were actually familiar with the endorsers (experts and consumer organisations) used in the study. Table 6.1 shows that:

- The consumer organisations (Federacja Konsumentów and Consumentenbond) are fairly familiar among respondents;
- The experts (both academically well-reputed consumer law professors) are fairly unfamiliar among respondents, and the Dutch expert is equally (un)familiar as the Polish expert;
- The non-existing British Consumers' Association (BCA) and ConsumerEurope are relatively unfamiliar among respondents. Nonetheless, 7.7% of respondents indicate to be very familiar with the BCA and 9.1% report to be very familiar with ConsumerEurope.

**Table 6.1 How familiar or unfamiliar are you with the following (brand) names?**

	Poland		Netherlands	
	Mean	SD	Mean	SD
<b>Familiarity of endorsers:</b>				
Polish consumer law professor	1.50	0.97		
Dutch consumer law professor			1.47	0.90
Federacja Konsumentów	3.07	1.39		
Consumentenbond			3.37	1.21
BCA (British Consumers' Association)	1.59	1.03	1.63	1.03
ConsumerEurope (European Consumer Organisation)	1.72	1.09	1.66	1.05

Familiarity measured on a 5-point scale from (1) not at all familiar to (5) very familiar. N (total) = 1,012; N (Poland) = 506; N (Netherlands) = 506.

### Overall results of the experimental part

Table 6.2 provides the results of the overall model of a multilevel regression analysis with the active quality cues (promise-to-be-fair, customer feedback, expert endorsement, national consumer organisation endorsement, European consumer organisation endorsement versus control), online store characteristics (domestic-existing-professional vs. domestic-non-existing-professional vs. domestic-non-existing-semi-professional vs. foreign-existing-professional) and product types, and all interactions, as predictors. Importantly, this and follow-up analyses properly accounted for the most salient features of the data, such as – in this case – the multilevel structure of the data with respondents "nested" within countries. As such, the analyses are all multilevel analyses.

**Table 6.2 Overall model results**

	Purchase intention		Trust in T&Cs	
	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>
Quality cue	0.95	.447	3.33	.005
Store characteristics	<b>87.77</b>	<b>&lt;.001</b>	<b>18.18</b>	<b>&lt;.001</b>
Product type	0.68	.408	<b>32.57</b>	<b>&lt;.001</b>
Quality cue x Store characteristics	<b>4.64</b>	<b>&lt;.001</b>	0.50	.915
Quality cue x Product type	1.29	.265	0.78	.566
Store characteristics x Product type	2.02	.109	0.94	.420
Quality cue x Store characteristics x Product type	0.57	.867	0.40	.966

Purchase intention measured on a 7-point scale from (1) certainly not to (7) certainly so. Trust in T&Cs measured on a 7-point scale from (1) very small to (7) very large, but recoded such that higher numbers reflect higher levels of trust.  $N = 8,088$  (1,011 respondents<sup>91</sup> x 8 websites).

Both purchase intentions ( $F(3, 8046) = 87.77, p <.001$ ) and trust levels ( $F(3, 8046) = 18.18, p <.001$ ) are influenced by the characteristics of the online store. For purchase intention, the main effect of store characteristics is qualified by an interaction between the quality cues and store characteristics ( $F(12, 8046) = 4.64, p <.001$ ). This means that the effect of the different quality cues on purchase intention depends on the specific online store that shows these cues (this findings is further analysed below). Finally, trust levels are significantly higher, on average, for the online clothing stores ( $M = 4.68, SD = 1.59$ ) as compared to the hotel booking websites ( $M = 4.47, SD = 1.61; F(1, 8046) = 32.57, p <.001$ ). The effects of the quality cues and store characteristics do not depend on the product type (all interactions with product type,  $ps >.109$ ).

Table 6.3 provides more insight into how the effectiveness of quality cues depends on the characteristics of the online store (i.e. the quality cue x store characteristics interaction). More specifically, it reveals the impact of the five active quality cues (a promise-to-be-fair, customer feedback, expert endorsement, national consumer organisation endorsement, and European consumer organisation endorsement) on purchase intentions and trust in the substantive quality of terms and conditions for the four different online store types. The numbers in the table represent mean scores on purchase intention and trust, which were measured on 7-point scales<sup>92</sup>. Higher numbers represent higher purchase intentions and higher levels of trust, respectively. The test results presented in the third column ( $p$ ) indicate whether there are significant differences in purchase intention and trust between the different quality cues. Mean scores which are indicated with \*\* and \* are significantly different from the control condition in which no cue was presented at all (at  $p <.05$  and  $p <.10$ , respectively).

First of all, in the absence of active quality cues (control), purchase intentions are highest for existing domestic online stores ( $M = 4.49$ ), followed by non-existing

91 Experimental data from one (Polish) respondent was missing.

92 Note that we actually measured "distrust" in the experimental part ("How would you estimate the probability that there are unfair terms in the terms and conditions of this online store or provider?"). Responses are recoded such that higher numbers represent higher levels of trust.

domestic online stores that look professional ( $M = 4.18$ ), and lowest for non-existing domestic online stores that look less professional ( $M = 3.92$ ) and foreign existing online stores ( $M = 3.90$ ), which lends face validity to the results.

**Table 6.3 How the effectiveness of quality cues depend on the online store type**

Online store characteristics:		$p$	Quality cues (active)					
			Control	Promise-to-be-fair	Customer feedback	Expert endors.	National CO endors.	European CO endors.
Domestic - existing - pro	Purchase intention	<b>&lt;.001</b>	4.49	4.65	<b>4.93**</b>	4.58	<b>5.01**</b>	4.48
	Trust	.058	4.66	4.70	4.81	4.79	<b>4.96**</b>	<b>4.85**</b>
Domestic - non-existing - pro	Purchase intention	<b>&lt;.01</b>	4.18	<b>3.71**</b>	<b>3.95*</b>	<b>3.86**</b>	4.04	4.22
	Trust	.539	4.43	4.48	4.53	4.44	4.56	<b>4.56*</b>
Domestic - non-existing - semi-pro	Purchase intention	.473	3.92	4.03	3.89	4.12	3.85	3.89
	Trust	<b>&lt;.05</b>	4.46	<b>4.26*</b>	4.50	4.49	4.63	4.50
Foreign - existing - pro	Purchase intention	.231	3.90	N/A	N/A	N/A	3.88	<b>4.06*</b>
	Trust	<b>.080</b>	4.45	N/A	N/A	N/A	4.57	<b>4.59**</b>

\*\* = differs significantly from control condition ( $p < .05$ ).

\* = differs marginally significantly from control condition ( $p < .10$ ).

Purchase intention measured on a 7-point scale from (1) certainly not to (7) certainly so. Trust in T&Cs measured on a 7-point scale from (1) very small to (7) very large, but recorded such that higher numbers reflect higher levels of trust.  $N = 8,088$  (1,011 respondents x 8 websites).

Table 6.3 shows that the quality cues affect purchase intentions and trust levels of consumers buying from domestic online stores. For existing domestic online stores, purchase intentions are significantly higher if the T&Cs are endorsed by a national consumer organisation ( $M = 5.01$ ) or if customer feedback is presented ( $M = 4.93$ ), compared to if no active quality cue is present ( $M = 4.49$ ). Thus, even if consumers can rely on the familiarity of the seller as a (passive) indicator of the quality of the T&Cs, specific active quality cues further elevate purchase intentions. Interestingly, for non-existing domestic online stores that look professional, customer feedback has the opposite effect, yielding lower purchase intentions ( $M = 3.95$ ) relative to the control condition ( $M = 4.18$ ). This suggests that positive customer feedback is considered trustworthy if the online store presenting the feedback is relatively well-known, but considered untrustworthy – even reducing purchase intentions – if the online store is unknown to consumers. In fact, none of the quality cues is able to increase trust and purchase intentions for the non-existing online stores. While endorsements by consumer organisations at the national ( $M = 4.04$ ) and European ( $M = 4.22$ ) level keep purchase intentions more or less at the baseline level ( $M = 4.18$ ), a promise-to-be-fair by the seller and endorsement by a consumer law professor hurt rather than help in building trust and purchase intentions for these online stores. The credibility of quality cues thus seems to be dependent on how familiar consumers are with the online store. In contrast to our prediction that consumers rely more on active quality cues if passive quality cues are absent, these findings suggest that active quality cues lend credibility from the familiarity of the seller: Consumers are more likely to doubt the credibility of the active quality cues if they do not know the seller. Finally, for the foreign online stores, purchase intentions ( $M = 4.06$ ) and trust levels ( $M = 4.59$ ) increase if the online store's T&Cs are endorsed by a mock European consumer organisation (ConsumerEurope), but not if they are endorsed by a mock national consumer organisation (British Consumers' Association).

### Differences in results between Poland and the Netherlands

Table 6.4 and 6.5 provide country-specific results, showing interesting differences in consumer responses to quality cues between Poland and the Netherlands. Whereas the general pattern of results is the same across the two countries, with mostly positive effects of quality cues for existing online stores and negative effects for non-existing online stores, we also observe important differences.

In Poland, all active quality cues increase purchase intentions (but do not affect trust) when consumers are buying from an existing domestic online store: It does not matter much whether the information comes from the seller, customers or an independent third party, although endorsements by a European consumer organisation yield a somewhat smaller increase in purchase intentions compared to the other cues.

**Table 6.4 Results for Poland**

Online store characteristics:		<i>p</i>	Quality cues (active)					
			Control	Promise-to-be-fair	Customer feedback	Expert endors.	National CO endors.	European CO endors.
Domestic - existing - pro	<i>Purchase intention</i>	<b>&lt;.05</b>	4.49	<b>4.87**</b>	<b>5.03**</b>	<b>4.92**</b>	<b>5.09**</b>	4.75*
	<i>Trust</i>	.881	4.90	4.80	5.02	4.87	5.00	4.96
Domestic - non-existing - pro	<i>Purchase intention</i>	.119	4.49	<b>4.08**</b>	4.41	<b>4.15*</b>	4.44	4.59
	<i>Trust</i>	.688	4.67	4.70	4.62	4.60	4.61	4.81
Domestic - non-existing - semi-pro	<i>Purchase intention</i>	.559	4.34	4.45	4.23	4.54	4.20	4.28
	<i>Trust</i>	.284	4.55	4.52	4.75	4.77	4.74	4.61
Foreign - existing - pro	<i>Purchase intention</i>	<b>&lt;.05</b>	3.99	N/A	N/A	N/A	<b>4.16**</b>	<b>4.29**</b>
	<i>Trust</i>	.057	4.46	N/A	N/A	N/A	<b>4.65**</b>	<b>4.61**</b>

\*\* = differs significantly from control condition ( $p < .05$ ).

\* = differs marginally significantly from control condition ( $p < .10$ ).

N = 4,040 (505 respondents x 8 websites).

In the Netherlands, only third-party endorsements are effective in building trust in the quality of T&Cs of existing domestic online stores and first (a promise-to-be-fair by the seller) and second-party information (customer feedback) are not. Yet, elevated trust levels do not always translate into higher purchase intentions. For example, while endorsements by a European consumer organisation heighten trust in the substantive quality of the T&Cs, they decrease purchase intentions relative to the situation in which active quality cues are completely absent. In contrast, while customer feedback does not seem to influence trust levels, it does elevate consumers' intentions to purchase from an existing, domestic online store.

Regarding cross-border purchases, endorsements by national and European consumer organisations are effective in building trust and increasing consumers' intentions to purchase from foreign, existing online stores among Polish consumers, but these do not increase trust and purchase intentions among Dutch consumers.

**Table 6.5 Results for the Netherlands**

Online store characteristics:		<i>p</i>	Quality cues (active)					
			Control	Promise-to-be-fair	Customer feedback	Expert endors.	National CO endors.	European CO endors.
Domestic - existing - pro	<i>Purchase intention</i>	<b>&lt;.01</b>	4.49	4.45	4.83*	4.26	<b>4.94**</b>	4.21*
	<i>Trust</i>	<b>&lt;.01</b>	4.42	4.62	4.59	4.71*	<b>4.92**</b>	<b>4.74**</b>
Domestic - non-existing - pro	<i>Purchase intention</i>	<b>&lt;.05</b>	3.85	<b>3.34**</b>	3.51*	3.57	3.66	3.82
	<i>Trust</i>	.373	4.16	4.26	4.45*	4.28	<b>4.52**</b>	4.29
Domestic - non-existing - semi-pro	<i>Purchase intention</i>	.970	3.52	3.59	3.55	3.66	3.51	3.52
	<i>Trust</i>	<b>&lt;.01</b>	4.38	<b>3.98**</b>	4.25	4.20	4.52	4.40
Foreign - existing - pro	<i>Purchase intention</i>	.336	3.81	N/A	N/A	N/A	3.60	3.83
	<i>Trust</i>	.566	4.44	N/A	N/A	N/A	4.50	4.57

\*\* = differs significantly from control condition ( $p < .05$ ).

\* = differs marginally significantly from control condition ( $p < .10$ ).

N = 4,048 (506 respondents x websites).

### Does effectiveness of quality cues depend on subjective familiarity?

In the previous section, we analysed how the effectiveness of quality cues depends (among others) on the objective familiarity of the online store, looking at actually existing versus non-existing online stores. In this paragraph, we zoom in on the influence of subjective familiarity, that is, respondents' self-reported familiarity with the (existing) online stores in the study.<sup>93</sup> Table 6.6 shows the spread in respondent's self-reported familiarity with the four (existing) online stores in the study.

**Table 6.6 Subjective familiarity**

	Clothing online store		Hotel booking website	
	Domestic	Foreign	Domestic	Foreign
1 Not at all familiar	17.9%	62.2%	42.5%	56.3%
2	13.4%	13.9%	16.4%	16.7%
3	21.4%	12.9%	16.0%	13.9%
4	24.0%	6.9%	14.4%	8.3%
5 Very familiar	23.3%	4.2%	10.9%	4.9%
N	1,011	1,011	1,011	1,011

This section focuses on the existing online stores only, since respondents' subjective familiarity was only assessed for these online stores. Table 6.7 provides the estimation results of the model including subjective familiarity with the online store as added predictor.

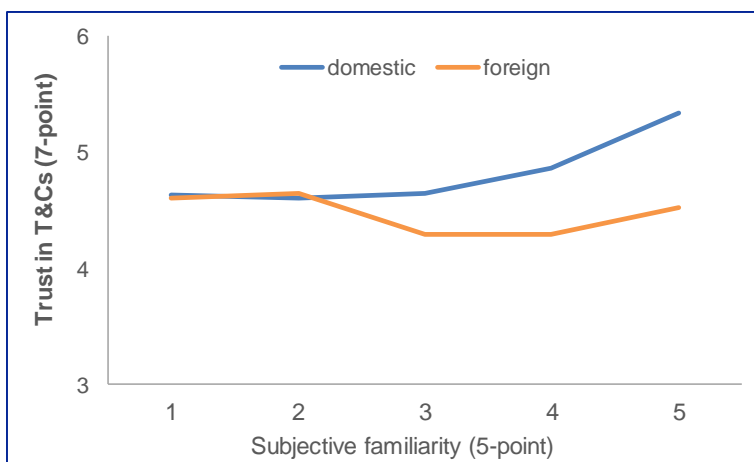
93 In this study, we did not measure self-reported familiarity with the non-existing online stores.

**Table 6.7 Overall model results (for existing online stores only)**

	Purchase intention		Trust in T&Cs	
	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>
Quality cue	<b>3.45</b>	<b>.004</b>	1.63	.148
Domestic/ foreign online store	<b>6.66</b>	<b>.010</b>	<b>15.15</b>	<b>&lt;.001</b>
Subjective familiarity	<b>644.89</b>	<b>&lt;.001</b>	<b>5.73</b>	<b>.017</b>
Quality cue x Domestic/foreign	<b>6.49</b>	<b>.002</b>	0.12	.890
Quality cue x Subjective familiarity	1.35	.240	0.72	.606
Domestic/foreign x Subjective familiarity	1.14	.285	<b>23.71</b>	<b>&lt;.001</b>
Quality cue x Domestic/foreign x Subjective familiarity	2.30	.100	1.27	.282

N = 4,044 (1,011 respondents x 4 websites).

Subjective familiarity with the online store has a strong effect on purchase intention ( $F(1, 4026) = 644.89, p < .001$ ) and trust ( $F(1, 4026) = 5.73, p < .05$ ). The more familiar respondents are with the online store, the higher their purchase intention and the more they trust the T&Cs. The effect of subjective store familiarity on trust is qualified by an interaction with the domestic vs. foreign dimension (i.e. Domestic/foreign  $\times$  Subjective familiarity;  $F(1, 4026) = 23.71, p < .001$ ), which reveals that the effect of subjective store familiarity differs between domestic and foreign online stores (see also Figure 6.1). Further analysis shows a strong and positive effect of subjective familiarity on trust in the substantive quality of T&Cs for domestic online stores ( $b = .15, t = 6.01, p < .001$ ), and a negative (but small) effect of subjective familiarity on trust for foreign online stores ( $b = -.08, t = 2.64, p < .01$ ). This suggests that familiarity with a domestic online store increases trust in the T&Cs, whereas familiarity with a foreign store slightly decreases trust in the T&Cs.

**Figure 6.1 Trust in T&Cs by subjective familiarity and store type (domestic vs. foreign)**

Trust in T&Cs measured on a 7-point scale from (1) very small to (7) very large, but recoded such that higher numbers reflect higher levels of trust. Familiarity measured on a 5-point scale from (1) not at all familiar to (5) very familiar. N = 4,044 (1,011 respondents x 4 websites).

The findings in Table 6.7 above already showed that the effectiveness of quality cues depends on the type of store (i.e., as revealed by a significant quality cue  $\times$  store characteristics interaction on purchase intention). The results in Table 6.7 further suggest that the effectiveness of the quality cues does not only depend on the type of online store, but also slightly on how familiar consumers are with the online store ( $F(2, 4026) = 2.30, p = .100$ , marginally significant). To further analyse this interaction, we performed a median split on subjective familiarity to distinguish

between four types of (existing) stores, based on the two store dimensions – domestic vs. foreign and (subjectively) familiar vs. unfamiliar:

- Existing, domestic online stores the respondent is (fairly) unfamiliar with;
- Existing, domestic online stores the respondent is (fairly) familiar with;
- Existing, foreign online stores the respondent is (fairly) unfamiliar with;
- Existing, foreign online stores the respondent is (fairly) familiar with.

Results for these four types of stores are presented in Table 6.8.

**Table 6.8 Effectiveness of quality cues by online store type (domestic/foreign) and subjective store familiarity**

Online store characteristics:		<i>p</i>	Quality cues (active)					
			Control	Promise-to-be-fair	Customer feedback	Expert endors.	National CO endors.	European CO endors.
Domestic – low subjective familiarity	<i>Purchase intention</i>	<b>&lt;.01</b>	3.83	4.08	<b>4.47**</b>	3.87	<b>4.41**</b>	3.74
	<i>Trust</i>	.836	4.61	4.52	4.59	4.57	4.69	4.75
Domestic – high subjective familiarity	<i>Purchase intention</i>	<b>&lt;.05</b>	4.98	5.13	<b>5.29**</b>	5.19*	<b>5.52**</b>	5.12
	<i>Trust</i>	.110	4.69	4.86	<b>4.99**</b>	4.97	<b>5.18**</b>	<b>4.93**</b>
Foreign – low subjective familiarity	<i>Purchase intention</i>	.086	3.56	N/A	N/A	N/A	3.52	<b>3.79**</b>
	<i>Trust</i>	.330	4.57	N/A	N/A	N/A	4.63	4.63
Foreign – high subjective familiarity	<i>Purchase intention</i>	.680	4.99	N/A	N/A	N/A	4.81	4.90
	<i>Trust</i>	.079	4.09	N/A	N/A	N/A	<b>4.42**</b>	<b>4.46*</b>

\*\* = differs significantly from control condition ( $p < .05$ ).

\* = differs marginally significantly from control condition ( $p < .10$ ).

N = 4,044 (1,011 respondents x 4 websites).

Table 6.8 demonstrates that on average, the quality cues are more effective – particularly in building trust – if consumers are relatively familiar than if they are relatively unfamiliar with the online store. This is consistent with the idea that quality cues lend credibility from the context in which they are presented. Our previous findings already indicated that quality cues tend to be more effective on existing compared to non-existing online stores, and hence, depend on the objective familiarity of the online store. The current findings show that these findings extend to subjective familiarity; a consumer who is relatively familiar with an online store is more likely to trust the T&Cs based on quality cues compared to a consumer who is relatively unfamiliar with the (same) online store. This holds for both domestic and foreign online stores.

Yet, not all quality cues are effective in building trust and increasing purchase intentions. Of the tested quality cues, only customer feedback and endorsements by consumer organisations (both at the national and European level) increase trust in the substantive quality of terms and conditions among consumers who self-report to be



familiar with the online stores, but not among consumers who self-report to be unfamiliar with the existing) online stores.<sup>94</sup> This confirms the idea that quality cues can be effective if the quality cue itself is considered trustworthy. Trustworthiness of quality cues may be influenced by many factors, such as – in this study – the familiarity of the seller that puts the quality cue on his website, but also by factors such as the perceived source of the quality cue (the seller or an independent source) and the number of customers that have reviewed the terms and conditions (in the case of second party quality cues).

## 6.2 Part 2: Negative consequences of not being sufficiently informed about terms and conditions

Respondents were asked to indicate whether they encountered a purchase situation without sufficiently knowing the terms and conditions that applied to that purchase, and experienced problems because of that, in the past twelve months. Roughly one quarter of the respondents indicate they did (26.6%, Table 6.9). The percentage is higher in Poland (31.2%) than in the Netherlands (21.9%;  $z = 3.33, p < .01$ ). In Preliminary study 1 we only asked respondents to mention the nature of the problems that caused regret. This study asked more detailed questions about the problem, such as the T&Cs topic the problem related to, the seriousness of the problem, and the financial and psychological harm the problem caused to them.

**Table 6.9 Experience of problems related to not being sufficiently informed about terms and conditions in past 12 months**

	Overall		The Netherlands		Poland	
	N	%	N	%	N	%
Experienced incident	269	26.6%	111	21.9%	158	31.2%
Can't remember, maybe incident, maybe not	159	15.7%	66	13.0%	93	18.4%
Certainly no incident	584	57.7%	329	65.0%	255	50.4%
Total	1012	100%	506	100%	506	100%

Table 6.10 shows that the problems occurred in a wide variety of industries, with electronic equipment (N = 61, 22.8%) and clothing and sports equipment (N = 56, 20.9%) being the most prominent ones. The category "other" – an open text field where respondents wrote the industry concerned (N = 8, 3.0%) – includes among others cosmetics (N = 3, 1.1%) and car parts (N = 2, 0.7%). Differences between the Netherlands and Poland in the distribution of problems across industries are not statistically significant ( $\chi^2 = 11.5; p = .490$ ).

Table 6.11 shows that 65.8% of the reported problems caused by insufficient information about the terms and conditions relate to purchases made online, either in domestic (58.6%) or foreign (8.2%) online stores. 23.2% of the problems relate to purchases in traditional stores, and the remaining 10.1% of the problems pertain to direct selling channels. The distribution of reported problems across the different

<sup>94</sup> Although purchase intentions among consumers who self-report to be unfamiliar with the online stores are affected by quality cues: Customer feedback and national consumer organisation endorsement cues increased purchase intentions on domestic online stores, a European consumer organisation cue did so on foreign online stores.



purchase channels does not significantly differ between the Netherlands and Poland ( $\chi^2 = 8.0$ ;  $p = .239$ ).

**Table 6.10 Industries in which respondents report incidents concerning T&C related issues**

	Overall		The Netherlands		Poland	
	N	%	N	%	N	%
Electronic equipment	61	22.8%	21	18.9%	40	25.5%
Clothing and sports equipment	56	20.9%	22	19.8%	34	21.7%
Home and garden (e.g. furniture, accessories)	27	10.1%	10	9.0%	17	10.8%
Internet, telecom, television and postal services	26	9.7%	11	9.9%	15	9.6%
Travel and holiday accommodation	22	8.2%	9	8.1%	13	8.3%
Household appliances	21	7.8%	11	9.9%	10	6.4%
Financial and insurance services	11	4.1%	7	6.3%	4	2.6%
Entertainment	10	3.7%	6	5.4%	4	2.6%
Health and well-being	8	3.0%	3	2.7%	5	3.2%
Energy	8	3.0%	4	3.6%	4	2.6%
Food	5	1.9%	1	0.9%	4	2.6%
Transport	5	1.9%	1	0.9%	4	2.6%
Other	8	3.0%	2	1.8%	6	3.8%
	268 <sup>95</sup>	100%	111	100%	157	100%

**Table 6.11 Purchase channels for which respondents report incidents concerning T&C related issues**

	Overall		The Netherlands		Poland	
	N	%	N	%	N	%
Domestic online store	157	58.6%	72	64.9%	85	54.1%
Domestic traditional (brick-and-mortar) store	54	20.2%	15	13.5%	39	24.8%
Foreign online store	22	8.2%	11	9.9%	11	7.0%
Foreign traditional (brick-and-mortar) store	8	3.0%	4	3.6%	4	2.6%
Mail/telephone order or shopping channel	14	5.2%	5	4.5%	9	5.7%
Personal selling (door-to-door, street)	9	3.4%	2	1.8%	7	4.5%
Other (e.g. in-flight purchases)	4	1.5%	2	1.8%	2	1.3%
	268	100%	111	100%	157	100%

95 One respondent did not provide a meaningful answer in the "other" category.

The problems also relate to a wide variety of topics. Table 6.12 reveals that delivery issues were mentioned most frequently (23.1%), followed by problems related to returns (17.9%), guarantees (17.5%), and payment (14.2%). Differences between the Netherlands and Poland in the distribution of reported problems across the different topics are not statistically significant ( $\chi^2 = 7.3$ ;  $p > .501$ ).

**Table 6.12 Topics for which respondents report incidents concerning T&C related issues**

	Overall		The Netherlands		Poland	
	N	%	N	%	N	%
Delivery	62	23.1%	30	27.0%	32	20.4%
Returns	48	17.9%	21	18.9%	27	17.2%
Guarantee	47	17.5%	16	14.4%	31	19.8%
Payment	38	14.2%	19	17.1%	19	12.1%
Complaints	29	10.8%	7	6.3%	22	14.0%
Contract termination	19	7.1%	8	7.2%	11	7.0%
Liability	10	3.7%	4	3.6%	6	3.8%
Dispute resolution	6	2.2%	2	1.8%	4	2.6%
Other <sup>96</sup>	9	3.4%	4	3.6%	5	3.2%
	268	100%	111	100%	157	100%

Table 6.13 shows that the majority of the purchases for which T&C related issues are reported have a transactional value below €100 (62.7%), and 33.9% even below €50. About a tenth of the reported problems relate to goods or services with a purchase price above €500 (11.7%). Again, the distribution of the problems across the price categories does not significantly differ between the Netherlands and Poland ( $\chi^2 = 5.3$ ;  $p > .05$ ).

**Table 6.13 Purchase amount of the good/service for which a T&C related problem was reported**

		Overall		The Netherlands		Poland	
		%	Valid %	%	Valid %	%	Valid %
0 to 49 euros	0 to 199 złoty	32.5	33.9	29.7	32.0	34.4	35.1
50 to 99 euros	200 to 399 złoty	27.6	28.8	26.1	28.2	28.7	29.2
100 to 499 euros	400 to 1999 złoty	24.6	25.7	25.2	27.2	24.2	24.7
500 to 999 euros	2000 to 3999 złoty	8.2	8.6	9.0	9.7	7.6	7.8
1000 euros or more	4000 złoty or more	3.0	3.1	2.7	2.9	3.2	3.3
I don't know	I don't know	4.1	-	7.2	-	1.9	-
		100	100	100	100	100	100

The exchange rate złoty/euro was roughly 4/1 at the time the study was fielded. N = 268 (1 respondent with missing data).

Overall, in 60.5% of the cases, consumers consider the problem mainly the seller's fault and felt that the terms and conditions were unfair and that they were completely within their rights (Table 6.14). The other 39.5% felt it was primarily their own fault and felt they should have informed themselves (better) about the terms and

<sup>96</sup> Here, respondents (N = 10) report, for example, problems related to the availability and description of goods and additional (unexpected) charges.

conditions before making the purchase. No significant differences were found between countries, price categories or industries ( $ps > .25$ ). Interestingly, significant differences do exist between purchase channels ( $\chi^2 = 13.3$ ;  $p < .05$ ), which mainly relate to domestic versus foreign purchases. As depicted in Table 6.14, most consumers consider themselves primarily to blame when they experience problems related to cross-border purchases (65.5%), but mostly blame the seller for T&C related problems with purchases at domestic stores (62.2%). This pattern is similar for online and offline stores.

**Table 6.14 Blame attribution in the case of a T&C related problem**

	Overall (%)			The Netherlands (%)			Poland (%)		
	ALL	DOM	FOR	ALL	DOM	FOR	ALL	DOM	FOR
Purchaser self	39.5	37.8	65.5	38.2	36.1	60.0	40.4	39.0	71.4
Seller	60.5	62.2	34.5	61.8	64.0	40.0	59.6	61.0	28.6
Total (%)	100	100	100	100	100	100	100	100	100
N	266	209	29	110	86	15	156	123	14

Domestic/foreign dimension is generated based on the data in Table 6.11. Domestic (DOM) = domestic online store + domestic traditional (brick-and-mortar store). Foreign (FOR) = foreign online store + foreign traditional (brick-and-mortar store). N (total) = 266 (3 respondents with missing data).

Overall, about half of the consumers considered the reported problem serious (52.7%). Of these consumers, 57.9% did not take any action, however. 42.1% of the consumers who considered the problem serious (which is 22.2% of the total number of consumers who reported a problem) indicated that they undertook action. The seriousness of the problem and whether or not action is undertaken depend on consumers' perception of whose fault the problem is ( $\chi^2 = 13.8$ ;  $p < .01$ ). If the problem is considered serious, consumers typically blame the seller more than they blame themselves. In the case of non-serious problems, the shares are exactly equal (see Table 6.15).

**Table 6.15 Blame attribution and seriousness of the problem**

	No serious problem	Serious problem, no action undertaken	Serious problem, action undertaken
Purchaser self	50.0%	35.8%	22.0%
Seller	50.0%	64.2%	78.0%
Total	100%	100%	100%
N	126	81	59

N (total) = 266 (3 respondents with missing data).

The costs that respondents encountered as a result of the problem were mainly costs for contacting the seller (43.2%) and the inability to make use of the product or service (29.3%, see Table 6.16).

**Table 6.16 Costs related to the problem related to T&C of a purchase\***

	N	%
Contacting the seller	115	43.2%
Inability to make use of the product or service	78	29.3%
Over-payment	42	15.8%
Getting legal or other type of expert advice/assistance	39	14.7%
Consequential damage or inconvenience	38	14.3%
Lost earnings	9	3.4%
Other	23	8.7%

\* Respondents could select multiple types of costs per incident.

N (total) = 266 (3 respondents with missing data). 13 respondents reported having encountered no costs at all and/or other inconveniences (time costs and stress). 8 respondents mentioned unexpected additional

costs, e.g. costs of being bound to a subscription (other than expected), postal costs (other than those related to contacting the seller).

Exactly half of the respondents (50.0%) indicated that the time spent on solving the problem was more than a day, and half reported that they spent one day or less trying to solve the problem. Table 6.17 shows that most problems (59.4%) led to fair amount or even a great deal of anger. In 44.7% of the cases, the consumer experienced a fair amount or a great deal of stress as a result of the problem.

**Table 6.17 Emotions experienced during the problem taking place**

	Stress		Anger	
	N	%	N	%
A great deal	47	17.7%	67	25.2%
A substantial amount	72	27.1%	91	34.2%
A little	111	41.7%	89	33.5%
Not at all	31	11.7%	13	4.9%
Cannot say	5	1.9%	6	2.3%
Total	266	100%	266	100%

### 6.3 Part 3: Consumer characteristics

As shown in Table 6.18, more than 90% of the respondents made an online purchase in the past year and about a third of these online buyers (also) made an online purchase outside their own country (36.3%).

**Table 6.18 Online shopping behaviour in the past months**

	Online purchase (% from total)	Cross-border online purchase (% from online buyers)
No	8.9%	63.7%
Yes	91.1%	36.3%
N	1012	922

#### **Box 6.1 Quiz questions on awareness of consumer rights (correct answer in bold font) (Questions 19-21)**

**Q19.** Please imagine that you ordered a book in an online store. The book has never been delivered to you because the parcel got lost. This means you did not sign for receipt. What are your rights in this situation?

- The online store is not responsible for the lost parcel and does not have to reimburse you;
- The online store is not responsible but has to redirect you to the parcel post office. The parcel post office has to reimburse you for the lost book;
- The online store is responsible and has to reimburse you or send you a new book;**
- The online store is responsible and has to reimburse you or send you a new book, unless their terms and conditions explicitly say they are not liable for lost parcels.

**Q20.** Please imagine that you have bought a sweater in an online store. The sweater was on sale with 50% off the original price. You only tried the sweater on for a bit and the tags are still on. What are your rights when you regret purchasing this sweater?

- The online store does not have to take the sweater back;
- The online store has to take the sweater back, but does not have to reimburse you; the online store may let you choose a different product for the amount you are credited for;
- The online store has to take the sweater back, but does not have to reimburse you; the online store may give you a coupon for the amount you are credited for;

**d) The online store has to take the sweater back and is obliged to reimburse you.**

**Q21.** Please imagine that you bought a new refrigerator online. The refrigerator has a 12 month manufacturing warranty. After almost two years the motor of the refrigerator breaks down. You can prove that you have always used the refrigerator in a proper way. What are your rights in this situation?

- a) The period of the manufacturing warranty has expired and you are not entitled to a free repair or a new refrigerator;
- b) The online store has to offer a free repair or a new refrigerator. If you have to pay extra, you may terminate the purchase agreement. In this case the refrigerator has to be returned to the online store and you will be reimbursed (partly);**
- c) The online store has to check whether a repair is possible. Since the manufacturing warranty expired, you will have to pay for the repair yourself;
- d) The online store has to redirect you to the manufacturer. The manufacturer will decide whether a repair is possible or whether the refrigerator has to be replaced by a new one. Since the manufacturing warranty expired, you will have to pay part of the costs of the repair yourself.

**Table 6.19 Consumer rights awareness in three fictive purchase situations**

	<b>Q19</b>	<b>Q20</b>	<b>Q21</b>
A	5.4%	9.4%	39.1%
B	16.7%	15.5%	14.9%*
C	36.9%*	17.3%	19.7%
D	41.0%	57.8%*	26.3%

\* Correct answer.  
N = 1,012.

Despite the fact that this sample consists of more experienced online shoppers than in Preliminary study 1, the observed consumer knowledge is still limited. Table 6.19 provides the results of three quiz questions related to delivery, return policy, and guarantee. Only for the question related to return policy, more than half of the respondents provided the correct answer.

## 7 The main study

### Summary

In the main study, we examined effects of simplifying and shortening the T&Cs (Experiment 1) and adding quality cues (Experiments 2 and 3) on readership and attitudes towards the T&Cs.

Many consumers accept the terms and conditions on a website without reading them. Indeed, in the current experiments, the percentage of consumers' acceptance of the T&Cs is very high (90-95%), yet only 9.4% opens the T&Cs in the absence of a quality cue. Readership is increased somewhat when consumers are *forced* to scroll through the T&Cs, but the largest group still only scans through the T&Cs. In the current study, we examined whether readership can be increased by simplifying and shortening the T&Cs, and whether simplifying and shortening the T&Cs (Experiment 1) and adding quality cues (Experiments 2 and 3) results in more positive attitudes towards the T&Cs.

Before discussing the effects of simplifying and shortening the T&Cs and adding a quality cue, we should add that, not surprisingly, there are many differences between domestic and foreign online stores in all experiments (main effects). Consumers read the T&Cs on domestic online stores more often, trust the T&Cs more, trust the quality cues more, have a more positive attitude towards the T&Cs, and have higher purchase intentions on domestic online stores than on foreign online stores. Purchase intentions, trust in the T&Cs, and trust in the quality cues are also higher on existing (familiar) than on non-existing (unfamiliar) online stores.

Experiment 1 reveals that **simplifying and shortening the T&Cs** has beneficial effects, although some effects are small: readership is improved, comprehension of the T&Cs is higher, and the T&Cs are trusted more and perceived more positively (for example, consumers are more satisfied with the content and less frustrated while reading the T&Cs). Importantly, although the T&Cs are shortened, consumers do not feel that they miss relevant information, suggesting that, at least from consumers' viewpoint, short and simple T&Cs can be as effective in "bringing the message across" as long and complex T&Cs. These effects do not depend on type of online store, indicating that these effects are equally large on domestic as on foreign online stores. *Thus, simplifying and shortening the T&Cs results in higher readership, a better understanding of the T&Cs, and a more positive attitude towards the T&Cs.*

There is also a notable effect of **adding a reading cost cue** on a website. Stating that "reading the terms and conditions takes less than five minutes" increases the number of consumers opening the T&Cs from 9.4% to 19.8%. *Thus, adding a reading cost cue seems to result in more consumers actually reading (part of) the T&Cs.*

Experiments 2 and 3 show that **adding a quality cue** also has beneficial effects. In general, adding a quality cue (positive customer feedback, endorsement by a national consumer organisation, or endorsement by a European consumer organisation) increases purchase intentions and trust. In Experiment 2 these effects are most notable on trust in the seller (and are not found on trust in the T&Cs), whereas in Experiment 3, the effects are also found on trust in the T&Cs and purchase intention. Positive effects of adding a quality cue are found on domestic as well as foreign online stores and on existing as well as non-existing online stores.

The different quality cues vary most in the level of trust they themselves evoke (trust in quality cue). Although all cues have positive effects, a customer feedback cue is trusted the least. On domestic online stores, a *national* consumer organisation endorsement cue is trusted the most and on foreign online stores, a *European* consumer organisation endorsement cue is trusted the most. *Thus, adding a quality cue results in higher levels of trust and higher purchase intentions. On domestic online stores, a national consumer organisation endorsement cue is trusted the most. On foreign online stores, a European consumer organisation endorsement cue is trusted the most.*

## 7.1 Introduction

In this chapter, we describe the results of the main study. The primary goal of the main study was to test the effectiveness of several interventions aimed at increasing transparency (under the assumption that consumers are motivated to read at least parts of the terms and conditions) and effortless awareness (under the assumption that consumers are not motivated to read the terms and conditions). Specifically, the interventions entailed **simplifying and shortening the T&Cs** (increasing transparency) and **adding a quality cue to an online store** (creating effortless awareness).<sup>97</sup>

The study consisted of four parts: three experiments and a survey measuring consumer characteristics. Experiment 1 focused on varying the length and complexity of the T&Cs. Specifically, we investigated whether shortening and simplifying the T&Cs would increase readership and comprehension of the T&Cs and consumers' attitudes towards the T&Cs. Experiments 2 and 3 focused on the effects of adding a quality cue on trust.

In all analyses, the UK was analysed separately. The reason for this is that the domestic/foreign dimension was different in this country than for all other countries. For all countries, the foreign online store was in English. This is a foreign language for respondents in all countries – making it easier to notice that it is a foreign online store – except for respondents in the UK. As such, respondents from the UK could not infer from the language on the online store that it was a foreign site; they could only infer this from carefully reading the text, which stated that the online store was Irish. Because this group received such a different treatment, we deemed it necessary to analyse the group separately.

Before data analyses started the data was cleaned and checked. Analyses took place in two steps: 1) **simple descriptive analyses** and **cross-tabulations** and 2) **statistical model estimation** (the main analysis) to investigate the impact of the factors (for example, quality cue and type of online store) on the outcome measures, and potential differences therein across countries. We conducted analyses that properly account for the most salient features of the data, such as – in this case – the multilevel structure of the data with respondents “nested” within countries (and, in part D, online stores nested within individuals nested within countries). As such, the analyses are all **multilevel analyses**: multilevel regressions for continuous outcome measures and multilevel logits for binary outcome measures.

## 7.2 Familiarity with online stores and consumer organisations

To check whether people were familiar with the familiar (existing) and the unfamiliar (non-existing) online stores<sup>98</sup>, “familiarity with the online stores” was measured at the end of the questionnaire (on a 7-point scale with higher scores indicating being more familiar with the online store). Table 7.1 shows that consumers were indeed not familiar with the non-existing online stores.

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97 We would like to reiterate that one strategy was also to include a reading cost cue informing respondents how long it would take to read the T&Cs. This condition was included among the quality cue conditions.

98 Note that existing online stores were only investigated in Experiment 3; Experiments 1 and 2 only included one online store, which was always non-existing.



**Table 7.1 Familiarity with non-existing online stores**

Online store	Familiarity
Experiment 1: NovaTrend	1.78
Experiment 2: Glamori	1.76
Experiment 3: Trendaro	1.68
Experiment 3: Mimoda	1.73

Familiarity measured on a 7-point scale from (1) not at all familiar to (7) very familiar. N = 12,064.

Consumers were more familiar with existing online stores. Table 7.2 displays the familiarity for each existing online store (foreign / domestic) for each country. It should be noted that the two existing online stores were the same in all countries. As such, it was not always the case that one online store was domestic and one was foreign. In some countries, both existing online stores were domestic and in one country both were foreign. More detailed information on this can be found in Appendix A, which describes the method sections in detail. Consumers were, in general, more familiar with the domestic existing online stores than the foreign existing online stores.

**Table 7.2 Familiarity with existing domestic and foreign online stores, per country**

Country	Domestic	Familiarity Domestic	Foreign	Familiarity foreign
Germany (DE)	Online store 1	5.33	-	-
	Online store 2	2.63	-	-
Estonia (EE)	Online store 1	3.39	Online store 2	1.86
Spain (ES)	Online store 2	2.81	Online store 1	2.17
Finland (FI)	-	-	Online store 1	1.24
	-	-	Online store 2	1.73
France (FR)	Online store 1	3.23	-	-
	Online store 2	2.94	-	-
Italy (IT)	Online store 1	4.14	-	-
	Online store 2	2.92	-	-
Netherlands (NL)	Online store 1	4.23	Online store 2	1.95
Poland (PL)	Online store 1	4.60	Online store 2	2.19
Romania (RO)	Online store 1	4.08	Online store 2	2.39
Sweden (SE)	Online store 1	2.98	Online store 2	2.26
Slovenia (SI)	Online store 1	2.08	Online store 2	1.91
United Kingdom (UK)	Online store 1	2.47	-	-
	Online store 2	4.13	-	-

Familiarity measured on a 7-point scale from (1) not at all familiar to (7) very familiar. N (total) = 12,064. N = 1,001-1,011 per country.



We also investigated familiarity with the national consumer organisation, the foreign consumer organisation (which was a UK consumer organisation for all countries, except for respondents from the UK), and a mock European consumer organisation that were used in the study. Consumers were more familiar with the domestic than with the foreign and the (non-existing) European consumer organisation, although it should be noted that in France and Sweden familiarity with the domestic consumer organisation was quite low (see Table 7.3).

**Table 7.3 Familiarity with domestic, foreign and European consumer organisation, per country**

Country	Familiarity Domestic consumer organisation	Familiarity Foreign consumer organisation	Familiarity European consumer organisation
Germany (DE)	3.34	1.64	1.97
Estonia (EE)	5.04	1.22	1.81
Spain (ES)	4.81	2.03	2.54
Finland (FI)	3.60	1.27	1.64
France (FR)	2.38	1.72	1.99
Italy (IT)	5.39	2.12	2.37
Netherlands (NL)	5.36	1.48	1.73
Poland (PL)	4.09	1.70	2.08
Romania (RO)	4.94	1.63	2.34
Sweden (SE)	2.49	1.43	1.67
Slovenia (SI)	5.73	1.41	2.74
United Kingdom (UK)	5.22	2.12	2.21

Familiarity measured on a 7-point scale from (1) not at all familiar to (7) very familiar. N (total) = 12,064. N = 1,001-1,011 per country.

To summarise, existing online stores were perceived as more familiar than non-existing online stores, existing domestic online stores were perceived as more familiar than existing foreign online stores, and domestic consumer organisations (to see which ones were used, please view Table A.11 in Appendix A) were perceived as more familiar than foreign consumer organisations.

### 7.3 Experiment 1: Increasing transparency

In Experiment 1, we examined whether shortening and simplifying the T&Cs would improve readership and comprehension of the T&Cs as well as consumers' attitudes towards the T&Cs. The T&Cs were either long and complex, short and complex, short and simple, or extremely short and simple. The content of the T&Cs was kept the same across conditions as much as possible. We also investigated whether effects depend on whether the online store was domestic or foreign.

#### Self-reported readership

We investigated to what extent respondents read the T&Cs (self-reported, with four categories ranging from "not at all" to "I read the full T&Cs"). Table 7.4 displays the percentages. There is only a small group of consumers who state that they read the full T&Cs, and since this is a self-report, it is not even clear whether they actually read the full T&Cs. There is a store type effect on readership, indicating that consumers said that they read the T&Cs more often on domestic than on foreign online stores,  $p < .001$ .

**Table 7.4 Self-reported readership of the T&Cs for domestic and foreign online stores**

Readership	Percentage domestic	Percentage foreign	Percentage total
Not at all	19.6%	25.1%	22.1%
Scanned	39.1%	40.5%	39.7%
More than half	20.3%	19.0%	19.7%
Read all	21.1%	15.4%	18.5%

N (total) = 9,956 (respondents who do not speak English in the foreign website condition are excluded and data from UK is analysed separately).

Table 7.5 shows the readership percentages per type of T&Cs. Whether consumers read the T&Cs significantly depends on the type of T&Cs that respondents saw (i.e., long & complex, short & complex, short & simple, extremely short & simple),  $p < .001$ . For instance, more respondents read the T&Cs when the T&Cs are extremely short and simple (26.5%) compared to when the T&Cs are long and complex (10.5%).

**Table 7.5 Self-reported readership for the type of T&Cs**

Readership	Type of T&Cs				Total
	Percentage Long & complex	Percentage Short & complex	Percentage Short & Simple	Percentage Extremely short & simple	
Not at all	24.2%	24.4%	20.1%	19.6%	22.1%
Scanned	45.7%	41.8%	38.0%	33.5%	39.7%
More than half	19.6%	18.8%	20.1%	20.4%	19.7%
Read all	10.5%	15.0%	21.8%	26.5%	18.5%

N = 9,956.

Overall, it can be concluded that the T&Cs are poorly read. The largest group only scans through the T&Cs. Readership is worse on foreign compared to domestic online stores.<sup>99</sup> Readership can be improved by shortening and simplifying the T&Cs.

Before going to the next tables, Box 7.1 explains how complicated tables involving main and interaction effects (such as Table 7.6) should be read.

99 We know from previous research that one of the barriers that consumers experience while shopping on foreign online stores is the foreign language on these websites, which may also be true when it comes to reading the T&Cs. Reference: Farhoomand, A. F., Tuunainen, V. K., & Yee, L. W. (2000). Barriers to global electronic commerce: A cross-country study of Hong Kong and Finland. *Journal of Organizational Computing and Electronic Commerce*, vol. 10, 23-48.

**Box 7.1 How to read Table 7.6 and similar tables**

In the first two rows, the first four cells with numbers contain the means. For example, in Table 7.6, respondents who were shown long and complex T&Cs on domestic online stores, indicated on average that the perceived length of the T&Cs was 5.40 (on a 7-point scale), meaning that on average, these T&Cs were perceived as rather long. The third row with numbers contains the total means for each type of T&Cs. Thus, type of online store (domestic or foreign) is not taken into account. On average, respondents indicate that the length of long and complex T&Cs is 5.41. The fifth column with numbers contains the total means for each type of online store. Thus, type of T&Cs is not taken into account. On average, respondents indicate that the length of T&Cs on domestic online stores is 4.61.

The final row and column contain the tests of a multilevel model (because individuals are nested within countries) with type of online store and type of T&Cs as predictors. Remember that the third row with numbers contains the total mean for each type of T&Cs. The test in the final column of that same row tests the main effect of type of T&Cs. In this case, the effect of type of T&Cs is significant ( $p < .001$ ), meaning that there are differences across the four means of type of online store. In this case, the long and complex T&Cs are indeed perceived as longer than the shorter versions of the T&Cs. Because in Experiment 1 the main effect of T&Cs is the most relevant effect, we have made the means and test results of this effect bold in all tables.

The reader should remember that the fifth column with numbers contains the total mean for each type of online store. The test in the final row of that same column tests the main effect of type of online store. It tests whether the total mean on domestic online stores (4.61) differs from that on foreign online stores (4.70), which is the case ( $p = .004$ ). So, in general, T&Cs on foreign online stores are perceived as longer than T&Cs on domestic online stores.

The final cell contains the type of T&Cs  $\times$  Type of online store interaction effect. The interaction effect tests whether the effect of type of online store differs across the types of T&Cs. In this case, there is a significant interaction effect ( $p = .026$ ).

To interpret this interaction effect, one needs to inspect the simple effects, which are all the other tests in the table. We first discuss the tests in the final row. These test for each type of T&Cs whether the type of online store effect (i.e., the domestic-foreign difference) is significant. The first tests shows that on long and complex T&Cs, foreign T&Cs (mean: 5.42) are not perceived as longer than domestic T&Cs (mean: 5.40) ( $p = .796$ ). The second tests shows that on short and complex T&Cs, foreign T&Cs (mean: 4.92) are perceived as longer than domestic T&Cs (mean: 4.68) ( $p < .001$ ), etc. One can also interpret the interaction effect the other way around, that is, by examining how the effect of T&Cs differs for each type of online store. These two tests are provided in the final column.

Finally it should be noted that the main and interaction effects are also described in words in the text, so that it is not necessary to interpret the tests in the tables to understand which effects are present and which are absent.

### Perception of length

We investigated whether respondents' perception of the length of the T&Cs was affected by the type of T&Cs to investigate whether the long and complex T&Cs were perceived as longer than the shorter versions of the T&Cs (7-point scale; 1 = very short, 7 = very long). In addition, we compared whether there were differences in perception of length of the T&Cs for domestic versus foreign online stores.

As shown in Table 7.6, the long and complex T&Cs are indeed perceived as longer than the shorter versions of the T&Cs (significant main effect of type T&Cs). This indicates that the T&Cs were successfully manipulated. In addition, in general, the T&Cs on the foreign online stores are perceived as longer than the T&Cs on the domestic online stores (significant main effect of type of online store). The significant interaction effect indicates that respondents perceive that the short and complex T&Cs on foreign online stores are significantly longer than the short and complex T&Cs on domestic online stores, whereas this domestic-foreign difference is not present for the other types of T&Cs.

**Table 7.6 Perception of length of the T&Cs**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	5.40	4.68	4.38	3.97	4.61	$F = 218.00$ , $p < .001$
Foreign	5.42	4.92	4.38	4.07	4.70	$F = 169.86$ , $p < .001$
<b>Total</b>	<b>5.41</b>	<b>4.80</b>	<b>4.38</b>	<b>4.02</b>		<b><math>F = 379.65</math></b> , <b><math>p &lt; .001</math></b>
Test	$F = 0.067$ , $p = .796$	$F = 14.44$ , $p < .001$	$F = 0.003$ , $p = .953$	$F = 2.85$ , $p = .091$	$F = 8.09$ , $p = .004$	Interaction: $F = 3.10$ , $p = .026$

Perception of length measured on a 7-point scale from (1) very short to (7) very long.  $N = 9,956$ .

Most importantly, the long and complex T&Cs were perceived as longer than the shorter T&Cs, and this was the case for domestic as well as foreign online stores.

### Objective comprehension

Respondents were asked to answer four questions about their comprehension of the T&Cs (true/false) to check whether they read the information provided in the T&Cs. Table 7.7 shows the percentage correct for each statement.

**Table 7.7 Percentage correct per T&C**

	Statement	True / False	Percentage correct
1.	The order will be processed within 1 day after receipt thereof.	False	38.1%
2.	The period for cancelling your order is longer than 7 days.	True	59.0%
3.	No delivery costs will be charged.	False	68.8%
4.	The contract is governed by the law applicable in my country.	False	36.8%

$N = 9,956$ .

Further analyses are based on a sum score of three statements (the first, second, and fourth). This is because the answer to the third statement (delivery cost) could be found outside the T&Cs. As such, it does not necessarily represent comprehension of the T&Cs. Note that as a consequence, the objective comprehension scale ranges from

0 (no items answered correctly) to 3 (all items answered correctly). The average comprehension score is 1.34, which is near the midpoint of the scale (1.5).

Table 7.8 shows the average objective comprehension score per readership category. A higher value indicates that more statements were answered correctly (0 is the minimum and 3 is the maximum). As is shown in the table, higher stated readership categories are associated with higher comprehension scores. This suggests that if consumers read the T&Cs more closely, they also comprehend them better (however, note that readership was not manipulated, so that we cannot draw conclusions on causality with certainty). All means in the table differ significantly from each other ( $p < .05$ ).

**Table 7.8 Objective comprehension score combined with self-reported readership**

Readership	Comprehension score
Not at all	1.19
Scanned	1.25
More than half	1.43
Read all	1.62

Comprehension score as the number of comprehension questions answered correctly, with a minimum of 0 and a maximum of 3. N = 9,956.

Table 7.9 shows the objective comprehension score for the different T&Cs and for domestic and foreign online stores. The extremely short and simple T&Cs are easier to comprehend for respondents (significant main effect of type of T&Cs). Note that comprehension stays slightly below the midpoint of the scale (1.5), indicating that although the extremely short and simple T&Cs are easier to comprehend, on average, consumers still find them slightly difficult.<sup>100</sup>

Surprisingly, comprehension scores are higher on foreign than on domestic online stores (significant main effect of type of online store). It is not the case that T&Cs on foreign online stores are read more often (readership) or more time is spent on them (time spent on the T&Cs), so these variables cannot explain why foreign T&Cs are comprehended more than domestic T&Cs.<sup>101</sup> The foreign (English) T&Cs are also not perceived as less difficult to understand than the domestic T&Cs, in fact, the opposite is true, as is discussed below (perceived difficulty). Thus, it is not clear why comprehension of the T&Cs is higher on foreign than on domestic online stores. One potential explanation lies in the type of questions that were asked in the quiz. Two of the three questions contained numbers (1 day and 7 days). These numbers might have stood out in a text that was otherwise less readable for respondents, since it was written in a foreign language. As such, it would be too early to conclude that comprehension is always higher on foreign online stores.

100 We also examined effects of education on comprehension. As might be expected, there is an effect. Those with higher education levels have higher comprehension scores than those with lower education levels ( $F = 3.14, p < .001$ ).

101 Controlling for these variables also does not change the effects.

**Table 7.9 Objective comprehension score**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	1.21	1.31	1.29	1.32	1.28	$F = 4.74$ , $p = .003$
Foreign	1.40	1.36	1.44	1.45	1.41	$F = 2.47$ , $p = .059$
<b>Total</b>	<b>1.30</b>	<b>1.33</b>	<b>1.36</b>	<b>1.39</b>		<b><math>F = 4.41</math>,</b> <b><math>p = .004</math></b>
Test	$F = 29.12$ , $p < .001$	$F = 2.46$ , $p = .117$	$F = 18.13$ , $p < .001$	$F = 14.27$ , $p < .001$	$F = 56.10$ , $p < .001$	Interaction: $F = 2.57$ , $p = .052$

Comprehension score as the number of comprehension questions answered correctly, with a minimum of 0 and a maximum of 3.  $N = 9,956$ .

It can be concluded that comprehension of the T&Cs is somewhat better when the T&Cs are (much) shorter and simpler.<sup>102</sup>

### Trust

We examined trust in the T&Cs by asking respondents about the probability that they would consider the T&Cs to be unfair. Responses could vary from 1 (very low) to 7 (very high). As in Preliminary study 2, we recoded this measure – which actually measures distrust in the T&Cs – so that higher numbers indicated higher levels of

102 We investigated whether the effect of simplifying and shortening the T&Cs on understanding the T&Cs is influenced by respondents' education level. It is possible that the effect is larger for consumers with lower education levels because they may have more to gain (starting from lower understanding levels). Alternatively, the simplified versions may still be too hard to understand for consumers with lower education levels, making the effect smaller (perhaps even non-existent) for this group. We investigated this by adding education as a predictor in our multilevel model (which also contained the type of T&Cs and domestic/foreign as predictors) with score on the comprehension quiz (objective comprehension) as outcome measure. This revealed that – as might be expected – consumers with lower education levels have lower scores on the comprehension quiz than consumers with higher education levels. Importantly, education does not interact with any of the other factors. As such, education does not moderate the effect of type of T&Cs on understanding, the effect of domestic/foreign on understanding, nor the interaction between type of T&Cs and domestic/foreign on understanding. In other words, the effects that we found did not differ significantly across consumer groups with different levels of education. Education also did not moderate the effects on subjective comprehension.

We also investigated whether the effect of simplifying and shortening the T&Cs on understanding the T&Cs is influenced by respondents' self-reported expertise in consumer law. If respondents are experts in consumer law, they may already understand the T&Cs well and simplifying the T&Cs may not add to their understanding. We tested this by adding whether the respondent indicated to be an expert on consumer law as an additional factor in our multilevel model. However, whether the respondent is a self-reported expert in consumer law does not moderate any of the effects (of type of T&Cs and domestic/foreign and their interaction) on objective or subjective comprehension. Importantly, we expected a main effect of being a law expert on comprehension (with experts scoring higher on comprehension). We do find this effect on subjective comprehension (i.e., self-reported experts indicate that they find the text less difficult to understand than self-reported non-experts), but this effect is absent on objective comprehension (i.e., self-reported experts do not score higher on the comprehension quiz than self-reported non-experts), calling into question whether these self-reported experts are indeed experts. As such, no definite conclusions on the effects of being a law expert can be drawn.

trust. Table 7.10 shows the trust scores for the different T&Cs and for domestic and foreign online stores. Trust in the T&Cs is higher on domestic than on foreign online stores (significant main effect of type of online store). In addition, trust in the T&Cs is higher when the T&Cs are shorter and simpler (significant main effect of type of T&Cs)<sup>103</sup>.

**Table 7.10 Trust in T&Cs**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	3.95	4.09	4.13	4.17	4.09	$F = 6.22, p < .001$
Foreign	3.89	3.92	4.08	4.01	3.98	$F = 3.78, p = .010$
<b>Total</b>	<b>3.92</b>	<b>4.01</b>	<b>4.11</b>	<b>4.09</b>		<b><math>F = 8.56, p &lt; .001</math></b>
Test	$F = 0.90, p = .344$	$F = 8.04, p = .005$	$F = 0.84, p = .359$	$F = 7.78, p = .005$	$F = 13.99, p < .001$	Interaction: $F = 1.18, p = .315$

Trust in T&Cs measured on a 7-point scale from (1) very low to (7) very high, but recoded such that higher numbers reflect higher levels of trust.  $N = 9,956$ .

Thus, trust in the T&Cs is higher when the T&Cs are shorter and simpler (and when the online store is domestic as opposed to foreign).

### Reading the T&Cs

#### ***Perceived difficulty (subjective comprehension)***

Furthermore, we investigated how easy or difficult consumers find it to comprehend the T&Cs (7-point scale with 1 = very easy and 7 = very difficult). Table 7.11 shows the perceived difficulty scores for the different T&Cs and for domestic and foreign online stores. Higher scores indicate perceiving the T&Cs as difficult. Short and simple T&Cs are easier to comprehend compared to longer and more complex T&Cs (significant main effect of type of T&Cs). In addition, T&Cs for domestic online stores are easier to comprehend for consumers than foreign online store T&Cs (significant main effect of type of online store). This may be a consequence of domestic T&Cs being written in respondents' own language, whereas foreign T&Cs are written in a foreign (here: English) language.

In addition, we examined whether perceived difficulty (subjective comprehension) is associated with objective comprehension. Interestingly, these two measures are uncorrelated ( $r = .014, p = .229$ ), indicating that consumers' own perceptions of the difficulty of the T&Cs are unrelated to their understanding of the content of the T&Cs measured by a comprehension test.

103 We also investigated whether trust in the different T&C types differed across countries, which was not the case ( $F = 1.14, p = .270$ ).



**Table 7.11 Perceived difficulty**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	3.91	3.73	3.43	3.33	3.60	$F = 34.87, p < .001$
Foreign	4.12	4.00	3.72	3.63	3.87	$F = 19.79, p < .001$
<b>Total</b>	<b>4.02</b>	<b>3.87</b>	<b>3.57</b>	<b>3.48</b>		<b><math>F = 52.36, p &lt; .001</math></b>
Test	$F = 9.50, p = .002$	$F = 14.35, p < .001$	$F = 18.16, p < .001$	$F = 20.27, p < .001$	$F = 60.70, p < .001$	Interaction: $F = 0.32, p = .810$

Perceived difficulty measured on a 7-point scale from (1) very easy to (7) very difficult.  $N = 7,759$  (excluding respondents who indicated to not have read the T&Cs).

Thus, consumers perceive short and simple T&Cs as less difficult than more complex T&Cs. Domestic T&Cs are also perceived as less difficult than foreign T&Cs.

### **Attitude towards the T&Cs**

We examined respondents' attitudes towards the T&Cs in terms of whether respondents missed relevant information in the T&Cs, whether they were satisfied with the content of the T&Cs, whether they felt frustrated while reading the T&Cs, and whether they considered reading the T&Cs a waste of time or worth their time. All items were measured on a 7-point scale, with 1 indicating "not at all" and 7 "completely". Tables 7.12-7.15 present the means on these attitude measures per type of T&Cs and type of online store.

There are differences between domestic and foreign online stores on frustration while reading the T&Cs. Respondents are more frustrated while reading the T&Cs on foreign than on domestic online stores (Table 7.13). There is also a domestic-foreign difference for missing relevant information while reading the T&Cs (Table 7.12). Specifically, respondents indicate that they miss more information in the T&Cs on foreign online stores.

There are also differences across the type of T&Cs on these variables. Respondents are more satisfied with extremely short and simple T&Cs compared to longer and more complex T&Cs (Table 7.13). They are also less frustrated reading extremely short and simple T&Cs compared to longer and more complex T&Cs (Table 7.14). In addition, they consider reading the extremely short and simple T&Cs as more worth their time (Table 7.15). Notably, there are no differences across the type of T&Cs regarding whether respondents miss information in the T&Cs (Table 7.12), which suggests that extremely short and simple T&Cs can be equally effective in "bringing the message across".

**Table 7.12 Missing relevant information in the T&Cs**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	3.78	3.64	3.58	3.63	3.66	$F = 3.85, p = .009$
Foreign	3.78	3.75	3.81	3.79	3.78	$F = 0.22, p = .886$
<b>Total</b>	<b>3.78</b>	<b>3.69</b>	<b>3.70</b>	<b>3.71</b>		<b><math>F = 1.47, p = .222</math></b>
Test	$F = 0.01, p = .905$	$F = 2.82, p = .093$	$F = 11.61, p = .001$	$F = 5.66, p = .017$	$F = 13.24, p < .001$	Interaction: $F = 2.13, p = .094$

Extent to which respondent missed relevant information measured on a 7-point scale from (1) not at all to (7) completely. N = 7,759.

**Table 7.13 Satisfied with content in the T&Cs**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	3.89	4.11	4.12	4.10	4.05	$F = 7.02, p < .001$
Foreign	3.98	4.07	4.09	4.05	4.05	$F = 0.99, p = .395$
<b>Total</b>	<b>3.93</b>	<b>4.09</b>	<b>4.10</b>	<b>4.08</b>		<b><math>F = 6.19, p &lt; .001</math></b>
Test	$F = 2.05, p = .152$	$F = 0.34, p = .558$	$F = 0.32, p = .572$	$F = 0.43, p = .515$	$F = 0.03, p = .863$	Interaction: $F = 1.03, p = .376$

Satisfaction with content of T&Cs measured on a 7-point scale from (1) not at all to (7) completely. N = 7,759.

**Table 7.14 Frustrated while reading the T&Cs**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	4.29	3.87	3.78	3.67	3.90	$F = 28.74, p < .001$
Foreign	4.33	4.04	3.88	3.75	4.00	$F = 19.21, p < .001$
<b>Total</b>	<b>4.31</b>	<b>3.96</b>	<b>3.83</b>	<b>3.71</b>		<b><math>F = 46.33, p &lt; .001</math></b>
Test	$F = 0.26, p = .614$	$F = 4.48, p = .034$	$F = 1.56, p = .211$	$F = 1.13, p = .288$	$F = 6.10, p = .014$	Interaction: $F = 0.46, p = .711$

Frustration measured on a 7-point scale from (1) not at all to (7) completely. N = 7,759.

**Table 7.15 Reading the T&Cs was worth the time**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	4.41	4.65	4.72	4.72	4.66	$F = 12.63$ , $p < .001$
Foreign	4.51	4.48	4.67	4.67	4.60	$F = 8.85$ , $p < .001$
<b>Total</b>	<b>4.46</b>	<b>4.56</b>	<b>4.68</b>	<b>4.82</b>		<b><math>F = 19.72</math>,</b> <b><math>p &lt; .001</math></b>
Test	$F = 0.29$ , $p = .588$	$F = 5.36$ , $p = .021$	$F = 0.50$ , $p = .482$	$F = 0.27$ , $p = .601$	$F = 2.28$ , $p = .131$	Interaction: $F = 1.40$ , $p = .239$

Extent to which reading T&Cs was worth the time measured on a 7-point scale from (1) a complete waste of my time to (7) completely worth my time.  $N = 7,759$ .

It can be concluded that consumers have a more positive attitude towards short and simpler T&Cs, as they are more satisfied and less frustrated reading these T&Cs. Shortening and simplifying does not seem to influence consumers' own perception of sufficiency of information (i.e., missing important information in the T&Cs).

Country-specific results on trust, comprehension, and attitude towards the T&Cs can be found in Appendix F.

### **Perceptions of the influence of reading T&Cs on purchase decision**

Respondents were asked to what extent reading the T&Cs influenced their decision to purchase the product (a jacket in this case) (7-point scale; 1 = not at all, 7 = completely). Table 7.16 shows the perceived influence scores for the different T&Cs and for domestic and foreign online stores. There is a slightly higher perceived influence of the T&Cs on the decision to purchase when the T&Cs are extremely short and simple (significant, though small, main effect of type of T&Cs). There is no difference between foreign and domestic online stores in perceived influence of reading the T&Cs.

**Table 7.16 Perceived influence of reading the T&Cs on purchase decision**

Type of online store	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Domestic	3.95	3.94	3.91	4.02	3.96	$F = 0.74$ , $p = .528$
Foreign	4.00	3.87	3.92	4.09	3.97	$F = 2.39$ , $p = .067$
<b>Total</b>	<b>3.97</b>	<b>3.91</b>	<b>3.91</b>	<b>4.05</b>		<b><math>F = 2.80</math>,</b> <b><math>p = .038</math></b>
Test	$F = 0.36$ , $p = .550$	$F = 0.73$ , $p = .393$	$F = 0.01$ , $p = .916$	$F = 0.77$ , $p = .380$	$F = 0.12$ , $p = .728$	Interaction: $F = 0.56$ , $p = .631$

Perceived influence on purchase decision measured on a 7-point scale from (1) not at all to (7) completely.  $N = 7,759$ .

### **Unobtrusive measures**

#### **Time spent on the T&Cs**

All participants had to scroll through the T&Cs to go to the next page (default exposure). We measured how much time consumers spent on the T&Cs page (in seconds). We examined whether this was affected by the type of T&Cs and how extensively consumers reported to have read the T&Cs (readership). The means of

time (in seconds) are presented in Table 7.17. Consumers spend the most time reading the T&Cs when the T&Cs are long and complex. In addition, consumers spend more time reading the T&Cs when they read the T&Cs more closely. There is a significant interaction effect, showing that the effect of type of T&Cs on how much time consumers spend on reading the T&Cs is dependent on the extent to which they have reported to have read the T&Cs. Consumers spend most time reading the T&Cs when the T&Cs are long and complex, more than they spend on the other types of T&Cs. The differences are most pronounced when consumers report that they read the entire T&Cs (they spend 127.45 seconds, which is slightly more than 2 minutes, on the long and complex T&Cs). Thus, as can be expected, consumers need more time to read long and complex T&Cs. It makes sense that respondents spend less time on shorter and simpler T&Cs. Importantly, this does not result in a lower comprehension of the content; in fact, both subjective and objective comprehension were higher for shortened and simplified T&Cs.

The result that respondents who indicate that they read a larger part of the T&Cs spend more time on the T&Cs (e.g., almost 40% more time is spent on the long and complex compared to the short and complex T&Cs) lends credibility to respondents' self-report of how much of the T&Cs they read. However, it should be noted that the long and complex T&Cs were approximately four pages. It is unlikely that it takes only 127.45 seconds (slightly more than 2 minutes) to fully read these. Thus, although it is likely that the more respondents indicate that they read the T&Cs, the more they actually do so (considering that the more they indicate this, the more time is spent on the T&Cs page), they do seem to overestimate how much of the T&Cs they actually read.

We also examined whether time spent on the T&Cs is associated with objective comprehension, which is indeed the case ( $r = .256, p < .001$ ). In general, the more time respondents spend on the T&Cs, the more they comprehend the content. Interestingly, time spent on the T&Cs is correlated only marginally significantly with perceived difficulty (subjective comprehension) ( $r = -.021, p = .070$ , very small effect).

**Table 7.17 Time spent on the T&Cs per type of T&C and readership**

Readership	Type of T&Cs				Total	Test
	Long & complex	Short & complex	Short & Simple	Extremely short & simple		
Not at all	18.01	11.74	12.97	13.28	<b>14.00</b>	$F = 13.88, p < .001$
Scanned	41.47	22.59	23.80	22.63	<b>27.62</b>	$F = 58.42, p < .001$
More than half	87.74	53.36	39.19	36.54	<b>54.19</b>	$F = 57.21, p < .001$
Read all	127.45	81.15	70.55	70.20	<b>87.39</b>	$F = 4.27, p = .005$
<b>Total</b>	<b>68.67</b>	<b>42.21</b>	<b>36.66</b>	<b>35.66</b>		<b><math>F = 83.87, p &lt; .001</math></b>
Test	$F = 251.05, p < .001$	$F = 277.18, p < .001$	$F = 265.58, p < .001$	$F = 281.94, p < .001$	<b><math>F = 976.13, p &lt; .001</math></b>	Interaction: $F = 6.48, p < .001$

N = 9,953. Time is presented in seconds. The analyses were conducted on a log-transformed time variable to correct for skewness (some people spent a very long time reading the T&Cs). There were 3 outliers with extreme reading times of more than 1 hour. These 3 cases were removed prior to this analysis.

### Accepting the T&Cs

As in real life, accepting the T&Cs was a precondition for finalising the purchase. In total, 90.2% of the respondents accept the T&Cs (9.8% do not). Percentages per type of T&Cs and type of online store are displayed in Table 7.18. Whether respondents

accept the T&Cs is affected by the type of T&Cs ( $p = .027$ ). Slightly more respondents accept the T&Cs when the T&Cs are short and complex compared to long and complex and extremely simple T&Cs ( $ps < .05$ ). Acceptance is unaffected by whether the online store is domestic or foreign ( $p = .334$ ).

**Table 7.18 Percentage accepting the T&Cs**

T&Cs	Percentage domestic	Percentage foreign	Percentage total
Long and complex	88.6%	89.7%	89.1%
Short and complex	90.6%	92.2%	91.3%
Short and simple	91.8%	90.9%	91.4%
Extremely short and simple	89.2%	88.6%	88.9%

N (total) = 9,956.

There are country differences in accepting the T&Cs ( $p < .001$ ). The T&Cs are particularly more often accepted in France, Spain, and Germany, and less often in Estonia, Finland, and Sweden. Percentages are displayed in Table 7.19.

**Table 7.19 Accepting the T&Cs per country**

Country	Percentage
France (FR)	93.3%
Spain (ES)	92.9%
Germany (DE)	92.8%
Romania (RO)	91.5%
Italy (IT)	91.4%
Slovenia (SI)	91.1%
Poland (PL)	90.5%
United Kingdom (UK)	90.4%
Netherlands (NL)	88.5%
Estonia (EE)	87.4%
Finland (FI)	86.5%
Sweden (SE)	86.4%

N = 10,960 (including the UK which was analysed separately).

### **Cancelling purchase**

Table 7.20 displayed the percentages of respondents completing the order. In total, 85.9% of respondents complete the order (14.1% does not). Type of T&C affects whether or not respondents complete the order ( $p = .010$ ). Slightly more respondents complete the order when the T&Cs are short and complex or short and simple compared to the other types ( $ps < .05$ ). Cancelling the purchase is unaffected by whether the online store is domestic or foreign ( $p = .843$ ).

**Table 7.20 Percentage completed**

T&Cs	Percentage domestic	Percentage foreign	Percentage total
Long and complex	84.8%	84.3%	84.6%
Short and complex	86.9%	87.3%	87.1%
Short and simple	87.1%	87.6%	87.3%
Extremely short and simple	85.5%	83.6%	84.6%

N = 9,956.

The reasons for cancelling are displayed in Table 7.21. If the order is not completed, the main reason for cancelling is that consumers do not accept the T&Cs. A higher percentage of respondents indicate that this is one of the reasons than in the next experiment (Experiment 2). Possible explanations for this can be found in the design of the experiment. In the current experiment, the T&Cs page was the first page on which respondents could cancel their order. Respondents might have confused cancelling *on* the T&Cs page (for whatever reason) with cancelling *because of* the T&Cs. It should also be noted that respondents had to scroll through the T&Cs in order to be able to continue. Despite clear instructions, some respondents may not have understood this, and so, thought that they could not continue and cancelled their order. The explanation that they did not accept the T&Cs then comes closest as to why the order was cancelled. Not understanding one had to scroll through the T&Cs in order to be able to continue would also explain why the percentage of respondents cancelling the order is somewhat higher than in Experiment 2. For these reasons, the percentage of respondents cancelling the order for the self-reported reason that they did not accept the T&Cs should be interpreted with caution.

**Table 7.21 Reasons for cancelling the order (multiple answers possible)**

	Percentage
Did not accept the T&Cs	38.8%
Not interested in the item	28.7%
Worried about payment	25.0%
Did not want to disclose personal details	11.9%

N = 609.

### Overview of the results of Experiment 1

Experiment 1 provides insight into whether simplifying and shortening the T&Cs affects readership of and consumers' attitudes towards the T&Cs. Not surprisingly, the T&Cs provided on online stores are poorly read, particularly on foreign online stores. The largest group only scans through the T&Cs. Readership can be improved somewhat by shortening and simplifying the T&Cs. Consumers who indicate that they read the full T&Cs spend only around 2 minutes and 10 seconds reading the T&Cs if the T&Cs are long and complex. For extremely short and simple T&Cs this decreases to slightly more than half a minute, on average. Although readership of the T&Cs is low, many consumers do accept the T&Cs (90.2%) and complete the order on the online store.

There are many benefits from shortening and simplifying the T&Cs, although some of the effects are small. Apart from improved readership, comprehension of the T&Cs is higher when the T&Cs are (extremely) short and simple. In addition, consumers have more positive attitudes and higher trust towards the T&Cs when these are shorter and simpler. Importantly, at the same time, shortening and simplifying does *not* seem to heighten consumers' sense that they miss important information in the T&Cs.

Furthermore, compared to foreign online stores, consumers trust T&Cs on domestic online stores more than those on foreign sites and have more positive attitudes towards T&Cs on domestic online stores. They perceive domestic T&Cs as less difficult than foreign T&Cs, although, surprisingly, they seem to comprehend foreign T&Cs more. Interestingly, consumers' perceived difficulty of the T&Cs (subjective comprehension) is uncorrelated with their objective comprehension of the T&Cs, indicating again that consumers' subjective comprehension levels do not correspond with their objective comprehension levels.

Altogether, the results of Experiment 1 show many benefits of providing consumers with shorter and less complex T&Cs.



## 7.4 Experiment 2: Effortless awareness

In Experiment 2, we examined whether adding a quality cue increases trust in the T&Cs and trust in the seller. Furthermore, we investigated which quality cue is perceived as most trustworthy. We also examined whether these effects depend on type of online store (domestic vs. foreign). Finally, we investigated effects of adding quality cues on unobtrusive measures, such as reading and accepting the T&Cs.

### Trust

Similar to Preliminary study 2, we measured **trust in the T&Cs** by asking respondents how they would estimate the probability that there were terms that they would consider unfair in the terms and conditions of the online clothing store. Responses could vary from 1 (very low) to 7 (very high). As in Preliminary study 2, we recoded this measure – which actually measures distrust in the T&Cs – so that higher numbers indicated higher levels of trust.

We also measured **trust in the seller**. Respondents indicated the extent to which they thought the online seller (Glamori) could be trusted (1 = not at all, 7 = completely).

Finally, for respondents in the (national or European) consumer organisation endorsement conditions we also measured **trust in the quality cue**. This was measured at the end of the questionnaire to avoid influence of this measure on respondents' answers. We showed participants a print screen of the website they had previously encountered and asked the following question: "This site stated that a consumer organisation approved the terms and conditions of this online store. How trustworthy do you consider this endorsement?" (1 = not at all, 7 = completely).

Table 7.22 shows that the trust measures all correlated positively with each other (all  $ps < .001$ ). This means that higher levels on one measure are associated with higher levels on the other measures.

**Table 7.22 Correlations among trust measures**

	Trust in the T&Cs	Trust in the seller	Trust in the quality cue
Trust in the T&Cs	1	.26	.14
Trust in the seller	-	1	.43
Trust in the quality cue	-	-	1

Trust measured on 7-point scales from (1) very low / not at all (7) very high / completely. Trust in the T&Cs was recoded such that higher numbers reflect higher levels of trust. N = 9,833 (excluding respondents who do not speak English in the foreign online store condition and UK analysed separately).

First, we investigated whether adding a quality cue would increase trust. In addition, we investigated whether the effect of quality cue depends on the specific online store that shows these cues, either domestic or foreign online stores. Table 7.23 provides the results of the overall (multilevel) model per trust measure. The model consists of the main effect of quality cue, the main effect of type of online store, and the quality cue × type of online store interaction effect.

**Table 7.23 Overall model results<sup>104</sup>**

	Trust in the T&Cs		Trust in the seller		Trust in the quality cue	
	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>
Quality cue	0.58	.629	<b>2.89</b>	<b>.034</b>	0.36	.552
Type of online store (domestic / foreign)	<.01	.950	0.08	.779	0.68	.408
Quality cue × Type of online store	0.83	.477	<b>4.00</b>	<b>.007</b>	<b>14.22</b>	<b>&lt;.001</b>

Trust measured on 7-point scales from (1) very low / not at all (7) very high / completely. N = 9833 for trust in the T&Cs and trust in the seller. N = 4,886 for trust in the cue.

Overall, there is only a significant main effect of quality cue on trust in the seller ( $F = 2.89$ ,  $p = .034$ ), indicating that the addition of some cues increases trust in the seller (this is further investigated below). Other main effects are not significant, indicating that trust levels are not affected by quality cues and type of online store (all  $F$ s < 0.68,  $p$ s > .408). However, the effects of the different quality cues on trust in the seller and trust in the cue depend on the specific online store that shows these cues (domestic or foreign), ( $F = 4.00$ ,  $p = .007$ ;  $F = 14.22$ ,  $p < .001$ ). This finding is further analysed below.

**Table 7.24 Effects of quality cues within domestic and foreign online stores**

Type of online store		<i>p</i>	Quality cue			
			No cue (control)	Reading cost cue	National CO endorsement	European CO endorsement
Domestic	<i>Trust in T&amp;Cs</i>	.358	4.32	4.33	4.41	4.37
	<i>Trust in seller</i>	.411	4.27	4.30	4.34	4.27
	<i>Trust in cue</i>	<b>.016</b>	N/A	N/A	<b>4.46</b>	<b>4.32</b>
Foreign	<i>Trust in T&amp;Cs</i>	.738	4.33	4.40	4.35	4.36
	<i>Trust in seller</i>	<b>.001</b>	4.20	<b>4.38**</b>	4.22	<b>4.36**</b>
	<i>Trust in cue</i>	<b>.004</b>	N/A	N/A	<b>4.26</b>	<b>4.45</b>

\* = differs marginally significantly from control condition ( $p < .10$ ).

\*\* = differs significantly from control condition ( $p < .05$ ).

Trust measured on 7-point scales from (1) very low / certainly not to (7) very high / certainly so. N = 9,833 for trust in the T&Cs and trust in the seller. N = 4,886 for trust in the cue. The highest value of trust in the cue is indicated in grey.

Table 7.24 provides more insight into how the effects of quality cues depend on whether the online store is domestic or foreign. The numbers in the table represent mean scores on trust in the T&Cs, trust in the seller, and trust in the cue (all measured on 7-point scales). Higher numbers indicate higher levels of trust. The test results presented in the third column ( $p$ ) indicate whether there are significant differences among the different quality cues on trust. Note that in general, trust in the T&Cs is near the midpoint of the scale, indicating that it is neither low nor high.

104 To reiterate, we analysed the results with multilevel regressions to account for the dependency of individuals being nested in countries (two levels in this case).

Quality cues do not affect **trust in the T&Cs** on the (non-existing) online stores, no matter whether the online store is domestic or foreign.

For **trust in the seller**, we saw that the effect of quality cue depends on the type of online store (Table 7.23). Table 7.24 reveals that specifically, quality cues influence trust in the seller on foreign online stores, but not on domestic online stores. So, on domestic online stores, quality cues do not affect trust in the seller. On foreign online stores, however, both a reading cost cue ( $M = 4.38$ ) and endorsement by a European consumer organisation ( $M = 4.36$ ) increase trust levels compared to an online store without a cue ( $M = 4.20$ ).

Table 7.23 shows that the effect of quality cues on **trust in the quality cue** also depends on type of online store<sup>105</sup>. Table 7.24 shows that for both domestic and foreign online stores, there is a significant effect of type of quality cue on trust in the quality cue. However, the direction differs: On domestic online stores, endorsement by a *national* consumer organisation ( $M = 4.46$ ) is trusted more than endorsement by a European consumer organisation ( $M = 4.32$ ); on foreign online stores, endorsement by a *European* consumer organisation ( $M = 4.45$ ) is trusted more than endorsement by a national consumer organisation ( $M = 4.26$ ).

Thus, on domestic online stores a *national* consumer organisation endorsement cue is trusted more than a European consumer organisation endorsement cue, whereas on foreign online stores a *European* consumer organisation endorsement cue is trusted more than a national consumer organisation endorsement cue. This finding is in line with the finding that on foreign online stores the presence of a European consumer organisation endorsement cue increases levels of trust in the seller, whereas the presence of a national consumer organisation endorsement cue does not have this effect. On domestic online stores, however, no such results were found.

Appendix F provides the country-specific effects of quality cues and type of online store on the trust measures.

## **Unobtrusive measures**

### ***Cancelling purchase***

Overall, 93.8% of respondents complete the order, which means that 6.2% cancels the order. The percentage of completed orders is not affected by quality cue ( $p = .783$ ), but it is lower on domestic (92.5%) than on foreign (95.5%) online stores ( $p < .001$ ). Table 7.25 provides the reasons that respondents provide for cancelling the order (multiple answers possible).

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105 Note that trust in the quality cue was only measured for endorsements by national and European consumer organisations.

**Table 7.25 Reasons for cancelling the order**

	Percentage
Worried about payment	53.7%
Not interested in the item	42.4%
Did not want to disclose personal details	17.7%
Did not want to accept the T&Cs	12.5%

N = 1,405.

### **Accessing the T&Cs**

In this part of the study, respondents could access the T&Cs on the final page by clicking on a link. If they clicked on the link, they saw a pop-up with the T&Cs. Only 12.0% of the respondents click to access the T&Cs. Percentages per quality cue and type of online store are displayed in Table 7.26.

Respondents access the T&Cs more often on domestic (14.0%) than on foreign (9.5%) online stores ( $p = .006$ ). Type of cue also affects the percentage of respondents accessing the T&Cs ( $p < .001$ , main effect of cue). Specifically, the presence of a reading cost cue ("reading the terms and conditions takes less than five minutes") results in more respondents accessing the T&Cs than when no cue is present ( $p < .001$ ). Moreover, this cue results in more respondents accessing the T&Cs than with the other cues ( $ps < .001$ ). The presence of endorsement logos does not result in more respondents accessing the T&Cs compared to a no cue situation ( $ps > .556$ ).

**Table 7.26 Effects of quality cues on accessing the T&Cs**

	Domestic	Foreign	Total
No cue	10.8%	7.6%	9.4%
Reading cost cue	<b>23.5%</b>	<b>15.1%</b>	<b>19.8%</b>
National CO endorsement	11.0%	8.3%	9.8%
European CO endorsement	10.5%	7.3%	9.1%

N = 9,833.

There are also country differences in accessing the T&Cs ( $p < .001$ ). The T&Cs are particularly more often accessed in Sweden, Finland, and Germany, and less often in France, Italy, Romania, and Spain. Percentages are displayed in Table 7.27.

**Table 7.27 Accessing the T&Cs per country**

Country	Percentage
Sweden	18.6%
Finland	16.2%
Germany	16.0%
Poland	14.6%
Netherlands	13.7%
United Kingdom	13.1%
Estonia	12.1%
Slovenia	10.0%
France	8.1%
Italy	8.0%
Romania	7.8%
Spain	7.1%

N = 10,837 (including UK).

### Time spent on the T&Cs

For the 12.0% respondents who accessed the T&Cs, we measured the time that was spent reading the T&Cs. On average, respondents accessing the T&Cs spend about 33 seconds on the T&Cs page. Table 7.28 shows the time per type of online store and quality cue condition. Respondents spend slightly more time on foreign than on domestic T&Cs (note that the T&Cs on the foreign online store were written in a foreign language, English). Moreover, quality cue affects the time spent on the T&Cs. Specifically, compared to a situation with no cue, the reading cost cue ( $p = .001$ ) and European consumer organisation endorsement cue ( $p = .006$ ) result in significantly more time spent on the T&Cs; the national consumer organisation endorsement cue results in marginally significantly more time spent on the T&Cs ( $p = .059$ ). This indicates that being presented with a reading cost cue not only increases the chances of consumers opening the T&Cs, but also increases the time consumers spend reading the T&Cs.

**Table 7.28 Time spent on the T&Cs**

Type of online store	Quality cue				Total	Test
	No cue (control)	Reading cost cue	National CO endors.	European CO endors.		
Domestic	25.68	39.72	29.13	34.21	32.19	$F = 3.89$ , $p = .009$
Foreign	23.71	35.35	33.57	40.65	33.32	$F = 1.30$ , $p = .273$
<b>Total</b>	<b>24.70</b>	<b>37.54</b>	<b>31.35</b>	<b>37.43</b>		<b><math>F = 4.10</math></b> , <b><math>p = .007</math></b>
Test	$F = 0.80$ , $p = .370$	$F = 4.33$ , $p = .038$	$F = 0.13$ , $p = .717$	$F = 0.88$ , $p = .348$	$F = 3.84$ , $p = .050$	Interaction: $F = 0.29$ , $p = .832$

N = 1,176; Time is presented in seconds. The analyses were conducted on a log-transformed time variable to correct for skewness (some people spend a very long time reading the T&Cs). There were 7 outliers with extreme reading times, these cases were removed prior to this analysis.

### Accepting the T&Cs

In total, 95.6% of the respondents accept the T&Cs. Percentages of respondents accepting the T&Cs per quality cue and type of online store are displayed in Table 7.29. The T&Cs are accepted slightly less often on domestic (94.7%) than on foreign (96.6%) online stores ( $p = .005$ ). Acceptance of the T&Cs is not affected by quality cue, nor does the effect of type of online store depend on quality cue ( $ps > .461$ ). Note that the percentage of respondents accepting the T&Cs is very high in all conditions.

**Table 7.29 Effects of quality cues on accepting the T&Cs**

	Domestic	Foreign	Total
No cue	94.0%	96.5%	95.1%
Reading cost cue	95.8%	97.0%	96.3%
National CO endorsement	95.3%	96.3%	95.7%
European CO endorsement	93.9%	96.7%	95.1%

N = 9,833.

There are country differences in accepting the T&Cs ( $p < .001$ ). The T&Cs are particularly more often accepted in the United Kingdom and France, and less often in Poland. Percentages are displayed in Table 7.30.

**Table 7.30 Accepting the T&Cs per country**

Country	Percentage
United Kingdom	98.2%
France	97.8%
Spain	97.6%
Germany	96.4%
Romania	96.0%
Italy	95.9%
Slovenia	95.8%
Finland	95.1%
Netherlands	94.9%
Sweden	94.9%
Estonia	94.8%
Poland	91.9%

N = 10,383.

### Overview of the results of Experiment 2

Respondents' **trust in the T&Cs** is near the midpoint on the scale, indicating that it is neither low nor high. Trust in the T&Cs is unaffected by whether the online store is domestic or foreign. Adding a quality cue also does not further increase trust in the T&Cs.

Interestingly, adding quality cues does increase levels of **trust in the seller**. Specifically, on foreign online stores, the presence of a European consumer organisation endorsement cue increases levels of trust in the seller. The presence of a national consumer organisation endorsement cue has no such effect. A reading cost cue also increases trust in the seller compared to a no cue situation. On domestic online stores, adding a quality cue does not affect trust in the seller.

Which **cue is trusted** most is also dependent on the type of online store. On domestic online stores, endorsement of the T&Cs by a national consumer organisation is trusted more than endorsement of the T&Cs by a European consumer organisation. On foreign online stores, however, endorsement by a European consumer organisation is trusted more than endorsement by a national consumer organisation of that country. This is in line with the finding that on foreign online stores, a European, but not a national, endorsement cue increased trust in the seller.

Only a small percentage of consumers access the T&Cs (12.0%). Interestingly, there is a clear effect of quality cue on accessing the T&Cs: The reading cost cue ("reading the terms and conditions takes less than five minutes") results in more respondents accessing (reading) the T&Cs than no cue or an endorsement cue. In other words, providing a reading cost cue seems to result in more respondents actually reading (part of) the T&Cs. The consumer organisation endorsement cues do not result in more respondents accessing the T&Cs. Note that this makes sense: The statement of the consumer organisation that "these terms and conditions are fair" may make reading the T&Cs less relevant for consumers. Those who access the T&Cs spend about half a minute reading them. The time spent on the T&Cs is higher if a quality cue is present compared to if no cue is present. Acceptance of the T&Cs is high in all conditions (on average, 95.6% accepted the T&Cs).

## 7.5 Experiment 3: Effortless awareness

In Experiment 3, we examined whether adding a quality cue influences purchase intentions and trust in the T&Cs. In addition, we examined which cues are seen as most trustworthy. As in Experiment 2, this part of the study contained four quality cue conditions. Respondents either saw no cue, a national consumer organisation endorsement cue, or a European consumer organisation endorsement cue. In addition, instead of a reading cost cue, this experiment contained the customer feedback condition of Preliminary study 2. Moreover, unlike Experiments 1 and 2, this experiment also included existing online stores (in addition to non-existing online stores). For more details on the method, we refer to Chapter 4 and Appendix A.

### Purchase intention and trust

The main focus of this experiment was on purchase intention and trust in the T&Cs. Both were measured on 7-point scales. **Purchase intention** was measured by the question: "Imagine that you are interested in purchasing clothes. Would you consider buying clothes at this online store?" (1 = certainly not, 7 = certainly).

**Trust in the T&Cs** was measured by the question: "How would you estimate the probability that there are terms that you would consider unfair in the terms and conditions of this online store?" (1 = very low, 7 = very high). As in Preliminary study 2, we recoded this measure – which actually measures distrust in the T&Cs – so that higher numbers indicated higher levels of trust.

At the end of the questionnaire, **trust in the quality cue** was also measured for the following three quality cues in this part of the experiment: customer feedback, national consumer organisation endorsement, and European consumer organisation endorsement. We showed participants a print screen of the website they had previously encountered and asked the following question: "This website stated that a consumer organisation [other customers] approved the terms and conditions of this online store. How trustworthy do you consider this endorsement?" (1 = not at all, 7 = completely).

Correlations among these measures are displayed in Table 7.31. The three measures all correlated positively with each other (all  $ps < .001$ ). This means that higher levels on one measure are associated with higher levels on the other measures.

**Table 7.31 Correlations among outcome measures**

	<b>Purchase intention</b>	<b>Trust in the T&amp;Cs</b>	<b>Trust in the quality cue</b>
Purchase intention	1	.14	.48
Trust in the T&Cs	-	1	.17
Trust in the quality cue	-	-	1

Purchase intention measured on a 7-point scale from (1) certainly not to (7) certainly so. Trust measured on 7-point scales from (1) very low / not at all to (7) very high / completely. Trust in the T&Cs was recoded such that higher numbers reflect higher levels of trust.  $N = 22,120$  for purchase intention and trust in the T&Cs (11,060 respondents x 2 websites) and  $N = 16,581$  for trust in the quality cue (this was only measured in conditions that contained a quality cue).

First, we investigated whether adding a quality cue would increase purchase intentions and trust in the T&Cs. In addition, we investigated whether the effect of quality cue depends on the specific online store that shows these cues, either domestic or foreign online stores. Table 7.32 provides the results of the overall (multilevel) model per outcome measure. The model consisted of the main effects of quality cue, type of online store (domestic vs. foreign), and existing vs. non-existing online stores, and all interactions.



**Table 7.32 Overall model results**

	Purchase intention		Trust in the T&Cs		Trust in the cue	
	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>	<i>F</i>	<i>p</i>
Quality cue	<b>7.07</b>	<b>&lt;.001</b>	<b>17.58</b>	<b>&lt;.001</b>	<b>111.73</b>	<b>&lt;.001</b>
Type of online store (domestic / foreign)	<b>362.20</b>	<b>&lt;.001</b>	<b>90.28</b>	<b>&lt;.001</b>	<b>170.21</b>	<b>&lt;.001</b>
Existing (vs. non-existing)	<b>448.91</b>	<b>&lt;.001</b>	<b>50.05</b>	<b>&lt;.001</b>	<b>161.81</b>	<b>&lt;.001</b>
Quality cue × Type of online store	<b>3.20</b>	<b>.022</b>	<b>4.18</b>	<b>.006</b>	<b>30.66</b>	<b>&lt;.001</b>
Quality cue × Existing	0.73	.536	0.19	.902	1.06	.346
Existing × Type of online store	<b>57.65</b>	<b>&lt;.001</b>	3.18	.075	<b>36.94</b>	<b>&lt;.001</b>
Quality cue × Type of online store × Existing	1.06	.363	2.08	.101	2.05	.129

Purchase intention measured on a 7-point scale from (1) certainly not to (7) certainly so. Trust measured on 7-point scales from (1) very low / not at all to (7) very high / completely. N = 22,120 for purchase intention and trust in the T&Cs (11,060 respondents x 2 websites) and N = 16,581 for trust in the cue.

Both **purchase intention** and **trust in the T&Cs** are influenced by quality cue, type of online store, and existing vs. non-existing online store (significant main effects). Follow-up analyses reveal that all quality cues result in a higher purchase intention and trust in the T&Cs than situations with no cue (all *ps* <.001). Moreover, on domestic online stores, there is a higher purchase intention and more trust in the T&Cs than on foreign online stores. In addition, on existing online stores, there is a higher purchase intention and more trust in the T&Cs than on non-existing online stores (*ps* <.001). The significant interaction effects indicate that some of these effects depend on another factor. This will be explained later.

As for **trust in the quality cue**, the same main effects are found. Follow-up analyses reveal that endorsement cues are trusted more than the positive customer feedback cue (*ps* <.001). The two endorsement cues (national and European consumer organisation endorsement) are trusted equally (*p* = .908; this effect is qualified by an interaction with type of online store, which will be explained below). Furthermore, on domestic online stores, the cues are trusted more than on foreign online stores (*p* <.001), and on existing online stores, the cues are trusted more than on non-existing online stores (*p* <.001). Again, some effects depend on another factor (interaction effects).

As shown in the table, the effects of type of online store on purchase intention and trust in the cue depend on whether the online store exists or not (Existing × Type of online store interaction effect). This interaction effect is also marginally significant for trust in the T&Cs. Follow-up analyses indicate that on both existing and non-existing online stores, there are higher levels of purchase intentions and trust on domestic than on foreign online stores. However, these domestic-foreign differences are *larger* on existing than on non-existing online stores.

Table 7.33 provides more insight into the Quality cue × Type of online store interaction effect that was found for all three variables (purchase intention, trust in the T&Cs, and trust in the quality cue). The numbers in the table represent mean scores on purchase intention, trust in the T&Cs, and trust in the cue (all measured on 7-point scales). Higher numbers indicate higher levels. The test results presented in the third column (*p*) indicate whether there are significant differences.

**Table 7.33 Effects of quality cues within domestic and foreign online stores**

Type of online store		<i>p</i>	Quality cue			
			No cue (control)	Customer feedback	National CO endorsement	European CO endorsement
Domestic	<i>Purchase intention</i>	<.001	4.29	<b>4.44**</b>	<b>4.44**</b>	<b>4.37**</b>
	<i>Trust in T&amp;Cs</i>	<.001	4.32	<b>4.48**</b>	<b>4.51**</b>	<b>4.41**</b>
	<i>Trust in cue</i>	<.001	NA	<b>4.27<sup>a</sup></b>	<b>4.68<sup>b</sup></b>	<b>4.49<sup>c</sup></b>
Foreign	<i>Purchase intention</i>	.054	3.97	4.04*	3.99	<b>4.07**</b>
	<i>Trust in T&amp;Cs</i>	<.001	4.19	<b>4.32**</b>	<b>4.26**</b>	<b>4.32**</b>
	<i>Trust in cue</i>	<.001	NA	<b>4.01<sup>a</sup></b>	<b>4.20<sup>b</sup></b>	<b>4.40<sup>c</sup></b>

\* = differs marginally significantly from control condition ( $p < .10$ ).

\*\* = differs significantly from control condition ( $p < .05$ ).

Purchase intention measured on a 7-point scale from (1) certainly not to (7) certainly so. Trust measured on 7-point scales from (1) very low / not at all to (7) very high / completely.  $N = 2,2120$  for purchase intention and trust in T&Cs (11,060 respondents  $\times$  2 websites) and  $N = 16,581$  for trust in cue. Differences in means on *trust in cue* are indicated by a superscript, because there is no control condition for this variable. Means with different superscripts differ significantly from each other ( $p < .05$ ). The highest value of trust in the cue is indicated in grey.

For **purchase intention**, follow-up analyses revealed that on domestic online stores, there is a clear effect of quality cue ( $p < .001$ ). Specifically, all cues result in higher purchase intentions than a situation with no cue. On foreign online stores, there is only a marginally significant effect of quality cue ( $p = .054$ ). Only the European consumer organisation endorsement cue results in higher purchase intentions than a no cue situation; the customer feedback cue does so marginally significantly. These effects are the same for existing as for non-existing online stores (there is no significant Quality cue  $\times$  Type of online store  $\times$  Existing interaction).

As for **trust in the T&Cs**, follow-up analyses revealed that on both domestic and foreign online stores all cues increase trust in the T&Cs compared to a no cue situation ( $ps < .001$ ). However, the differences between the cue and the no cue conditions are *larger* on domestic than on foreign online stores. Note that again, these effects do not depend on whether the online store is existing or non-existing.<sup>106</sup>

As for **trust in the cue**, follow-up analyses revealed that on both domestic ( $p < .001$ ) and foreign ( $p < .001$ ) online stores there is an effect of quality cue on trust in the cue, but which cue is trusted most differs. In both cases, the positive customer feedback

106 We examined whether the effect of adding a quality cue on trusting the T&Cs is influenced by respondents' self-reported expertise in consumer law. Consumer law experts may not need quality cues to signal whether they can trust the T&Cs or not, and so, the effect may be smaller (perhaps even non-existent) for them. We investigated whether this was the case by adding the variable to our models. We added being a self-reported expert as an additional factor to the multilevel model with type of quality cue and domestic/foreign as factors and trust in the T&Cs as the outcome measure. In both cases, whether the respondent is a self-reported expert in consumer law does not moderate any of the effects (of type of T&Cs and domestic/foreign and their interaction). Note that as described in Experiment 1, no definite conclusions can be drawn, since results on objective comprehension cast doubts on whether self-reported experts are truly experts.

cue is trusted the *least*. However, on domestic online stores, the *national* consumer organisation endorsement cue is trusted most, followed by the European endorsement cue. On foreign online stores, the *European* consumer organisation endorsement cue is trusted most, followed by the national endorsement cue. All means differ significantly from each other. Again, these effects do not depend on whether the online store is existing or non-existing.

To summarise, on domestic online stores, *all* quality cues increase **purchase intention** and **trust in the T&Cs**. On foreign online stores, only the *European* endorsement cue increases purchase intentions. Moreover, on foreign online stores, *all* cues increase trust in the T&Cs, although differences with a no cue situation are smaller than on domestic online stores. As for **trust in the quality cue**, the customer feedback cue is trusted the *least* and the endorsement cues the *most*. Which endorsement cue is trusted the most depends on type of online store (in a similar way as in Experiment 2): On domestic online stores, a *national* consumer organisation endorsement cue is trusted more than a European endorsement cue, whereas on foreign online stores, a *European* consumer organisation endorsement cue is trusted more than a national consumer organisation endorsement cue.

Appendix F provides the country-specific effects of quality cues and type of online store on the three variables (purchase intention, trust in the T&Cs, and trust in the cues). In some countries, adding a quality cue (customer feedback, national endorsement, European endorsement) increases **purchase intentions** on domestic online stores. On foreign online stores, only adding a European endorsement cue sometimes increases purchase intentions, the other cues do not. In addition, in some countries adding a quality cue increases **trust in the T&Cs** on domestic online stores, and sometimes, though less so, also on foreign online stores. Most countries showed differences across quality cues when it comes to **trust in the cue**. In most cases, the customer feedback cue was trusted the least. Moreover, on domestic online stores, the *national* endorsement cue was trusted the most and on foreign online stores, the *European* endorsement cue was trusted the most. For more details on which specific countries show these effects, see Appendix F.

### Overview of the results of Experiment 3

In general, adding a quality cue seems effective in increasing **purchase intention** and **trust in the T&Cs**. Effects are larger on domestic online stores than on foreign online stores. More specifically, on domestic online stores, all quality cues increase purchase intentions and trust in the T&Cs. On foreign online stores, only a European endorsement cue significantly increases purchase intentions compared to a no cue situation; a national endorsement cue does not have this effect. Moreover, on foreign online stores, all quality cues increase trust in the T&Cs compared to a no cue situation, but differences are smaller than on domestic online stores.

Some **cues are trusted** more than others, and which cues are trusted most depends on type of online store. On domestic online stores, the order, from trusted most to least, is: national endorsement cue, European endorsement cue, customer feedback cue. On foreign online stores, this order is: European endorsement cue, national endorsement cue, customer feedback cue. In other words, on domestic online stores, the national endorsement cue is trusted the most, on foreign online stores the European endorsement cue is trusted the most, and on both online stores, the customer feedback cue is always trusted the least.

Finally, the results show that, in general, purchase intention, trust in the T&Cs, and trust in the quality cue are higher on domestic than on foreign online stores. In other words, consumers indicate more that they would purchase something on domestic than on foreign online stores and they trust the terms and conditions and quality cues on domestic online stores more than they trust the same terms and conditions and

quality cues on foreign online stores. Purchase intention, trust in the T&Cs, and trust in the quality cue are also higher on existing than on non-existing online stores.

## 8 Conclusions and policy implications

### Summary

To summarise the most important conclusions, the goal of **increased transparency** / improving readership and comprehension of the T&Cs may be reached by: 1) forced rather than free exposure to the T&Cs, 2) shortening and simplifying the T&Cs, and 3) adding a reading cost cue. The goal of **effortless awareness** may be reached by adding a quality cue, specifically: 1) a national consumer organisation endorsement cue on domestic online stores and 2) a European consumer organisation endorsement cue on foreign online stores. It should be noted that a positive customer feedback cue also had some positive effects, although it was trusted less than endorsement by a consumer organisation. Finally, shortening and simplifying the T&Cs also increased trust in the T&Cs.

### Introduction

This chapter integrates and discusses the results from the preliminary studies and the main study. Based on these results, policy recommendations are suggested.

Before describing the results, we should note that in the current studies (particularly in the absence of manipulations) many consumers did not read the T&Cs, yet accepted them. The preliminary studies indicated that insufficient knowledge of the T&Cs may result in negative consequences, as was the case for at least 26.6% of consumers in NL and PL (Preliminary study 2). As such, it seems important to 1) increase transparency / increase readership of the T&Cs and 2) increase effortless awareness of the T&Cs. These were the goals of the current research.

### **Result 1: More consumers appear to read the terms and conditions when they are forced to scroll through them than when they are free to open (or not open) them (Experiments 1-2).**

There is an interesting difference in readership between free and forced (default) exposure to the T&Cs. In one experiment, consumers could click on a link to access the T&Cs (free exposure). In this experiment, only 9.4% of the consumers opened the T&Cs in the absence of a (quality or reading cost) cue. This means that 90.6% did not even open the T&Cs, let alone read them.

In another experiment, consumers had to scroll to the end of the T&Cs in order to be able to continue the purchase (default exposure). In the default exposure experiment for T&Cs similar in length and complexity as in the free exposure experiment, only 22.1% indicated that they did not read the T&Cs at all, which is much lower than the 90.6% in the free exposure experiment. The largest group still only scanned through the document or read parts of it (39.7%), and although 18.5% indicated that they read all, the time that was spent reading the T&Cs page indicate that this was not always the case.

We should emphasize that whether consumers read the T&Cs at all was measured in different ways: In the free exposure experiment, it was estimated by how many consumers opened the T&Cs (9.4%, so max. 9.4% read the T&Cs), whereas in the default exposure condition, it was measured by a self-report. As such, more research with comparable measures is needed before definite conclusions, particularly on the size of the effect, can be drawn. Still, the difference in not reading the T&Cs appears to be quite large (at least 90.6% in the free exposure condition and 22.1% in the default exposure experiment), suggesting that default exposure may be considered as a policy measure that could result in improvement of readership over free exposure.

**Policy recommendations and future research 1:**

To improve readership of T&Cs, T&Cs could be presented in a default exposure format. How much readership can be improved by this need to be investigated in further experiments that directly compare free and default exposure conditions on the same outcome measure.

**Result 2: Shortening and simplifying the terms and conditions results in improved readership and understanding of the T&Cs, and a more positive attitude towards the T&Cs (Experiment 1).**

When the T&Cs were simplified and shortened, more consumers indicated that they had read the T&Cs. For example, when the T&Cs were extremely short and simple, 26.5% reported to have read the whole T&Cs compared to only 10.5% in the standard long and complex T&Cs condition. Consumers also understood the T&Cs better when they were short and simple. This was found on an objective comprehension test about the content of the T&Cs as well as on consumers' self-report on how easy or difficult it was to comprehend the T&Cs.

Moreover, consumers' attitudes towards the T&Cs were influenced by the length and complexity of the T&Cs. Simple and short T&Cs were trusted more than long and complex ones. Consumers were also more satisfied with the content of the T&Cs, felt less frustrated while reading them, and felt that reading them was more worth their time when the T&Cs were simplified and shortened. It should be emphasised that in this part of the experiment, the length and complexity of the T&Cs differed but their *substance* did not. This suggests that it is indeed the length and complexity of the texts as such that influence the trust that consumers have in the fairness of the T&Cs, irrespective of the content thereof.

Importantly, consumers indicated that they did *not* miss relevant information in the short and simple T&Cs. Thus, despite shortening them, the T&Cs appeared to contain all relevant information of the longer version, at least from consumers' viewpoint. This suggests that the shorter T&Cs were at least equally effective in providing the necessary information as the longer and more complex T&Cs.

The effects did not depend on whether the online store was domestic or foreign (meaning that the effects were present on both types of online stores). As such, whether the online store is domestic or foreign does not have to be taken into account when deciding on whether to simplify and shorten the T&Cs.

**Policy recommendations and future research 2:**

To improve readership and understanding of T&Cs, T&Cs could be presented in a simple and short format, containing no more than the most relevant information. From the perspective of general consumer law and product-specific regulations, certain information must be disclosed to consumers by traders. Standardised forms for providing this information may facilitate reductions in length.<sup>107</sup> As explained in section 3.1.2, T&Cs do not need to be long and complex, and traders actually have a

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107 As indicated in Annex I of the guidance document to the CRD ([http://ec.europa.eu/justice/consumer-marketing/files/crd\\_guidance\\_en.pdf](http://ec.europa.eu/justice/consumer-marketing/files/crd_guidance_en.pdf)), examples of how to display pre-contractual information are provided. Similar models could be developed for T&Cs.

commercial and legal interest in keeping T&Cs short and simple, also because this seems to increase their competitiveness.

Importantly, under the CRD, traders need to present a list of information items in a clear and comprehensive manner before the consumer is bound by the contract. This information needs to be actively presented to consumers and cannot be buried in the T&Cs. The current results clearly support this requirement as a shorter and simpler presentation of the T&Cs increase readership and understanding. However, it does still seem important to present the information on other places on the website as well, since Preliminary study 1 revealed that consumers use alternative strategies to search for information they find important, particularly reading the FAQ.

Increasing trust in online transactions is one of the pillars of the Digital Agenda for Europe (Trust and Security pillar).<sup>108</sup> The current findings contribute to this by demonstrating that trust in the T&Cs of online stores can be increased by shortening and simplifying them.

The current research has only taken length and complexity into account. As discussed in section 3.1, the visual presentation of the T&Cs might also influence readership and comprehension. Providing a better overview of the text by, for example, making the main terms bold, might increase readership and understanding of the T&Cs. The effects of the visual presentation of the T&Cs (on top of shortening and simplifying them) should be further investigated.

### **Result 3: Adding a reading cost cue improves readership of the terms and conditions (Experiment 2).**

Readership was not only influenced by type of exposure (forced or free) and length and complexity of the T&Cs, but also by the presence of a reading cost cue. In one condition, we added the message that "reading the terms and conditions takes less than five minutes" next to the link by which the T&Cs could be accessed. This reading cost cue increased the number of consumers opening the T&Cs from 9.4% to 19.8%.

In addition, it did not seem to be the case that the T&Cs were only opened and hardly anything was read. In contrast, the time spent on the T&Cs indicated that when a reading cost cue was present, respondents who opened the T&Cs also spent, on average, more time on that page than respondents who opened the T&Cs when no such reading cost cue was present.

### ***Policy recommendations and future research 3:***

To improve readership of T&Cs, a statement with an estimation of the time it takes to read the T&Cs may be added. If it is made mandatory it may also work as an incentive for traders to reduce the length of their T&Cs.

In this case, the statement was "reading the terms and conditions takes less than five minutes". Future research may investigate the long-term effects of adding such a reading cost cue (for example, whether the effect is still there if consumers encounter this statement on many online stores). Furthermore, future research may focus on the



effects of different types of statements (a precise number, such as "five minutes", versus an estimation, such as "less than five minutes").

Moreover, to understand all possibilities of adding such reading cues, potential risks or detrimental effects of under- and overestimations should be investigated. For example, stating that reading the T&Cs takes only five minutes while it actually takes ten minutes may decrease trust in such messages and have negative effects in the long term.

**Result 4: Adding a quality cue increases trust and purchase intentions. On domestic online stores, a national consumer organisation endorsement cue is trusted the most. On foreign online stores, a European consumer organisation endorsement cue is trusted the most (Experiments 2-3).**

Adding a quality cue indicating that the terms and conditions are fair had an effect on consumers' trust in the T&Cs and their purchase intentions. However, as shown in Preliminary study 2, some quality cues had negative effects. Specifically, a promise-to-be-fair by the seller and expert endorsement sometimes *decreased* trust and purchase intentions. In the main study, we focused on the most promising quality cues: positive customer feedback, endorsement by a national consumer organisation, and endorsement by a European consumer organisation. Adding these cues *increased* trust and purchase intentions. These positive effects were found on domestic as well as foreign online stores (though more pronounced on domestic stores) and on existing as well as non-existing online stores.

Note that these findings are in line with research on trust marks, which shows that although consumers have little knowledge of what trust marks on online stores stand for, they are drawn to online stores with trust marks and trust these online stores more.<sup>109,110,111</sup> Moreover, similar to what we found with quality cues, trust marks seem to increase purchase intentions (although, as with quality cues, not *all* trust marks increase trust and purchase intentions).<sup>112,113,114</sup>

The quality cues were not trusted to an equal extent. Although all cues had positive effects, a positive customer feedback cue was trusted the least, indicating that (supposed) endorsement by customers is trusted less than (supposed) endorsement by a consumer organisation. Which of the consumer organisation endorsement cues was trusted the most depended on the type of online store. On domestic online stores, a *national* consumer organisation endorsement cue was trusted the most. On foreign online stores, a *European* consumer organisation endorsement cue was trusted the most.

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- 109 ECC-Net (2013). Trust Marks Report 2013: "Can I Trust the Trust Mark?".  
110 TNO/Intrasoft International (2012). EU Online Trustmarks Building Digital Confidence in Europe.  
111 Aiken, K. D. & Boush, D. M. (2006). Trustmarks, Objective-Source Ratings, and Implied Investments in Advertising: Investigating Online Trust and the Context-Specific Nature of Internet Signals. *Journal of the Academy of Marketing Science*, vol. 34(3), 308-323.  
112 Zhang, H. (2004). Trust-Promoting Seals in Electronic Markets: Impact on Online Shopping Decisions. *Journal of Information Technology Theory & Application*, vol. 6(4), 29-40.  
113 Özpolat, K., Guodong, G., Jank, W. & Viswanathan, S. (2013). The Value of Third-Party Assurance Seals in Online Retailing: an Empirical Investigation. *Information Systems Research*, vol. 24(4), 1100-1111.  
114 Hu, X., Lin, Z. & Zhang, H. (2003). Trust-Promoting Seals in Electronic Markets: An Exploratory Study of Their Effectiveness for Online Sales Promotion. *Journal of Promotion Management*, vol. 9(1-2), 163-180.

The finding that a positive consumer feedback cue was trusted the least, is in line with previous research on electronic word of mouth (eWOM), showing that consumers tend to deliberate on the credibility of eWOM to a greater extent than traditional WOM when seeking on-line product recommendations.<sup>115</sup> The reason for this is that eWOM can arise from a possibly unlimited number of unknown customers, and the presence of vast amounts of unfiltered information makes the information validity uncertain. As a result, consumers doubt to what extent they can trust these online cues.<sup>116,117</sup>

#### ***Policy recommendations and future research 4:***

To increase effortless awareness of the T&Cs, quality cues can be used. Promise-to-be-fair by the sellers and expert endorsement cues should not be used as these cues can even have negative effect on consumers trust in T&Cs and on their purchase intentions. However, customer feedback, national consumer organisation endorsement, and European consumer organisation endorsement cues can be used, as they positively influence trust and purchase intentions. For the best effects, on domestic online stores, a national consumer organisation endorsement cue should be used, whereas on foreign online stores a European consumer organisation endorsement cue should be used. As such, to promote cross-border e-Commerce, a European endorsement logo could be developed.

This difference between domestic (national endorsement is best) and foreign (European endorsement is best) online stores does suggest that which quality cue should be present depends on whether the online store is domestic or foreign to the consumer visiting the online store. There are several possibilities to capitalize on these findings. One possibility is to develop several versions of the same website, one with the national and one with the European cue. Depending on the consumer visiting the online store (e.g., based on IP address), either the website with the national cue or the website with the European cue is shown. Another possibility is that there is one version of the website, but on this version *both* quality cues (national and European) are shown.

Before deciding which of these possibilities should be preferred, further research might investigate which works best. It seems particularly interesting to gain insight into the effects of multiple cues on the same online store. Does the presence of both a national and European consumer organisation endorsement cue have the best effects or do multiple cues lower the credibility / trustworthiness of each cue? It is possible that on domestic as well as foreign online stores the presence of both national and European cues works even better than the most effective cue (national on domestic and European on foreign online stores) on its own. If this is the case, adding both cues may be preferred over changing the cue depending on whether the online store is domestic or foreign to the consumer. However, the opposite may be true as well.

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115 Wathen, C.N., & Burkell, J. (2002). Believe it or not: Factors influencing credibility on the Web. *Journal of the American Society for Information Science and Technology*, vol. 53(2), 134-144.

116 Cheung, M. Y., Luo, C., Sia, C. L., & Chen, H. (2009). Credibility of electronic word-of-mouth: Informational and normative determinants of on-line consumer recommendations. *International Journal of Electronic Commerce*, vol. 13, 9-38.

117 Pan, L. Y., & Chiou, J. S. (2011). How much can you trust online information? Cues for perceived trustworthiness of consumer-generated online information. *Journal of Interactive Marketing*, vol. 25, 67-74.

Finally, the current research only focused on subjective consumer trust. Future research may also focus on whether quality cues improve the substantive quality of the T&Cs, that is, the quality and fairness of the terms and conditions.

**Result 5: Adding a quality cue seems to be effective on familiar *and* unfamiliar online stores, although the effects seem larger on familiar online stores.**

One might wonder whether the effects of adding a quality cue are more pronounced on familiar or unfamiliar online stores.<sup>118</sup> The current research investigated effects of existing vs. non-existing online stores (particularly in Experiment 3). In general, existing online stores should be more familiar to consumers than non-existing online stores.

Preliminary study 2 already highlighted that the positive effects of adding a quality cue are more pronounced on existing (familiar) than on non-existing (unfamiliar) online stores. A similar result was found with subjective familiarity. The main study did, however, also find positive effects on non-existing (unfamiliar) online stores (Experiment 3). Taken together, these findings suggest that the effects of adding a quality cue are present on existing and non-existing online stores (Experiment 3), although the effects are sometimes more pronounced on existing online stores (Preliminary study 2). Thus, the effects are there for both familiar and unfamiliar online stores, but seem more pronounced on familiar online stores. In general, the quality cues are also trusted more on familiar (existing) than unfamiliar (non-existing) online stores (Experiment 3).

***Policy recommendations and future research 5:***

Familiarity or brand awareness seems to matter in online purchases, since some effects seem stronger on familiar than on unfamiliar online stores. As such, the familiar sellers would benefit the most from adding a quality cue to the online store and there is less that can be done for new entrants into the market. Thus, small, non-familiar traders may face extra hurdles in the Digital Single Market. Nonetheless, the effects are still found on unfamiliar (non-existing) online stores, so even they may benefit from the effects of adding quality cues, albeit to a lesser extent than familiar traders.

**Results 6: There are few country differences in the effects that were found (Experiments 1-3). There are some small country differences in the effects of adding a quality cue, but the pattern seems to be similar across countries.**

Appendix F shows the country-specific results. In Experiment 1, almost no effect of shortening and simplifying on understanding and attitudes towards the T&Cs depended on country (the only exception being frustration, on which the shortening and simplifying effect was absent in Estonia and France).

The effects of Experiment 2 also did not interact with country, although when zooming in, there seemed to be some small differences, as was the case with Experiment 3. Specifically, in some countries, effects were significant, in others they were not

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118 And whether the shortening and simplifying effects are more pronounced on familiar online stores. However, in Experiment 1, we did not vary whether the store existed or not (the store was always non-existing), and hence, we cannot draw conclusions thereon.

(meaning that the effects were either not present or too small to become significant in the current country sample). However, if there were significant findings, they all seemed to follow the same pattern (described in result 4). Thus, the effects did not reverse in some countries, meaning that adding a quality cue did not have a negative effect in some countries. Exceptions were a few foreign online stores on which the national endorsement cue decreased trust or purchase intentions. However, the European endorsement cue (in general the most trusted cue on foreign online stores) did not do so.<sup>119</sup> This again suggests that on foreign online stores, the European endorsement cue may be preferred over the national endorsement cue.

That the patterns of the results did not differ much across countries was also true for which quality cue was trusted the most. On domestic online stores, the national consumer organisation endorsement cue seemed most effective, and on foreign online stores, the European consumer organisation endorsement cue seemed most effective, and this was the case in most countries. In fact, there was no country in which on domestic online stores the national cue was trusted *less* than the European or customer feedback cue. There was also no country in which on foreign online stores the European cue was trusted *less* than the national or customer feedback cue. Thus, it seems that, irrespective of country, the best results are obtained when on domestic online stores a national consumer organisation endorsement cue is added, and on foreign online stores a European consumer organisation endorsement cue is added.

***Policy recommendations and future research 6:***

When deciding on whether to add a quality cue on an online store, differences between member states do not seem so large that they should be given much weight.

**Result 7: Consumers' knowledge of consumer rights is limited (Preliminary studies).**

Both preliminary studies demonstrated that consumers' knowledge of consumer rights (*general awareness*) is limited. In both studies, this was measured by testing consumers' knowledge in a quiz. In these quizzes, the largest group of consumers selected one of the incorrect answering options on most questions. Interestingly, consumers' self-reported knowledge is not equally low, indicating that consumers are generally unaware of their lack of knowledge.

Preliminary study 1 demonstrated that consumers sometimes use alternative strategies to get informed about the content of the T&Cs (*specific awareness*). For example, 49.4% of consumers looking for information on an online store checked the FAQ for information.

***Policy recommendations and future research 7:***

Policy might also focus on raising *general awareness*, thus making consumers more aware of their basic rights. One can think of information campaigns initiated by governments, consumer authorities, or consumer interest organisations through media channels or at the point-of-purchase (e.g. when entering a mall). Which specific strategy is most effective is a question for future research.

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119 The only exception here being foreign online stores in the UK, on which trust in the seller decreased slightly, although purchase intentions increased.

Future research could also focus on the implications of consumers' overestimations of consumer knowledge in the context of terms and conditions. For example, does this mean that consumers who overestimate their knowledge are less likely to read the T&Cs?

Finally, policy might focus on raising *specific awareness*. An example is that information about the delivery period and length of the right of withdrawal and commercial guarantee must be mentioned on page/screen 1 of the order form, as this is typically the type of information consumers need before they can make their decisions.

## Appendix A. Detailed methodologies

In this appendix, we describe the detailed methodology of the studies.

### A.1 Methodology Preliminary study 1

The first preliminary study<sup>120</sup> was an online survey that aimed to:

1. Assess consumers' awareness of their consumer rights (i.e. general rights directed by law such as the right to withdraw from online purchases within 14 days); and
2. Explore which alternative strategies consumers may have to reading the T&Cs in order to inform themselves about store-specific terms and conditions.

This relates to the general versus specific knowledge consumer have and acquire about their rights (and obligations) as a consumer, other than through reading the terms and conditions (see Figure 4.1). The first preliminary study was administered to members of the Dutch LISS panel, an online household panel that is representative for the Dutch population.<sup>121</sup>

The questionnaire focused on online purchasing and includes four main components:

1. **Online purchasing behaviour:** frequency and type of online stores the consumer buys from (domestic versus foreign purchases, familiar versus unfamiliar sellers);
2. **Consumers' knowledge of their general rights** (through a knowledge test consisting of six multiple choice questions);
3. **Alternative strategies** (other than reading the terms and conditions) consumers use to get informed about terms and conditions;
4. **Experienced regret of not reading the terms and conditions** (open question).

The questionnaire took about 8 minutes to complete and can be found in Appendix B.

### A.2 Methodology Preliminary study 2

The second preliminary online study aimed to provide insight into:

1. The use of quality cues by consumers to assess the reliability of T&Cs; and
2. The negative consequences of not being (sufficiently) informed about terms and conditions.

An additional important purpose of Preliminary study 2 was to provide input for the design of the main study, particularly which quality cues that would be tested in the main study.

Rather than using standard survey methodology, this online survey included an **experiment** to better understand how consumers use various quality cues in their

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120 This pre-preliminary study was conducted by the contractor as an extra study (in addition to what was offered in the technical proposal and contract). We have done so because we assessed that with its results we could provide substantial additional quality to the subsequent studies.

121 See [http://www.lissdata.nl/lissdata/About\\_the\\_Panel](http://www.lissdata.nl/lissdata/About_the_Panel) for more information about the panel.

judgments of whether or not to trust the T&Cs without reading them, to reduce potential social desirability bias, that is, respondents reporting that they would use various quality cues while in fact they would not.

The second preliminary survey was administered online among consumers representative of the online population in Poland and the Netherlands (1,012 respondents in total), and took about 10 minutes, on average, to complete. It consisted of three parts.

### ***Part 1: The use of quality indicators to assess the reliability of T&Cs***

The goal of the first part was to better understand how consumers use quality cues – such as familiarity and reputation of the seller, how professional the online store looks, external endorsements and other quality cues – to make predictions about the substantive quality of the terms and conditions. Self-reports are not considered an appropriate method to measure this, since this method is likely to induce social desirability bias leading to a potentially large overestimation of the use of various signals in judgment and decision-making. Therefore, we conducted a small-scale experiment in this part of the survey.

Rather than directly asking survey respondents how specific quality cues would affect their level of trust in the terms and conditions (and hence their willingness to read and/or accept them) or which quality cues they think are reliable or unreliable, the proposed experiment employed a more realistic context of respondents evaluating specific scenarios that varied in quality cues. Based on their responses to these scenarios, statistical analysis can estimate the weight each quality cue receives in consumers' judgments, which reflects the perceived reliability of each cue.

In the experiment, we tested the influence of a combination of what we call "passive" and "active" quality cues. Passive quality cues are *general contextual signals* that consumers are likely to use in their assessment of whether they can trust the seller and the quality of the seller's terms and conditions, such as the familiarity and reputation of the seller. Active quality cues are endorsements or trust marks that have the *specific purpose* of influencing consumers' beliefs about the substantive quality of the terms and conditions. These active cues need not be perfectly reliable (e.g., a "promise-to-be-fair" by the seller). By including these different types of cues, the study provides insight into (1) the extent to which the active quality cues are being used in consumer judgments *relative to* the use of passive quality cues, and (2) the extent to which consumers are able to distinguish reliable from less reliable quality cues.

We tested the following active and passive quality cues:

- A. Passive quality cues:
  - Type of seller / objective familiarity: existing vs. non-existing online store;
  - Online store visual appeal: professional versus semi-professional looking online store.
- B. Active quality indicators:
  - Promise-to-be-fair by the seller;
  - Customer feedback;
  - Expert endorsement (consumer law professor);
  - Endorsement by national consumer organisation;
  - Endorsement by European consumer organisation.




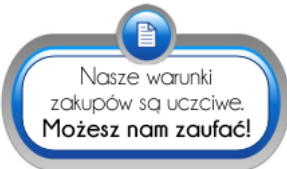



## Goal of the experiment

The goal of the experiment was to better understand whether and how consumers would use quality cues to make assumptions about the substantive quality of the terms and conditions. To what extent do they rely on passive versus active quality cues, and to what extent are they able to distinguish reliable from less reliable quality indicators? We selected a variety of quality cues whose effectiveness relies on different mechanisms, such as social norm pressure, liking-trust and authority-trust relationships, as identified in the literature.<sup>122</sup> For example, people often follow other people's opinions and behaviour ("social proof"). Therefore, if a quality cue states that other customers think the terms and conditions are fair, consumers may also believe that the terms and conditions are fair. As another example, people often trust authority figures. Therefore, an authority figure stating that the terms and conditions are fair may increase trust in the T&Cs. As such, the second preliminary study provides a first general insight into the (relative) impact of different types of quality cues.

## Selection of active quality cues for the experiment







We tested the impact of the following five active quality cues: promise-to-be-fair by the seller, customer feedback, expert endorsement, national consumer authority endorsement, and European consumer authority endorsement (Table A.1). All quality cues were made by us and are, therefore, non-existing quality cues. Moreover, consumer organisations were mock organisations, with the exception of the domestic national consumer association.

**Table A.1 Quality cues tested in the experiment**

Quality cues		Netherlands	Poland	Translation
<i>First-party information</i>	Promise-to-be-fair	 Onze algemene voorwaarden zijn eerlijk. U kunt ons vertrouwen.	 Nasze warunki zakupów są uczciwe. Możesz nam zaufać!	Our terms and conditions are fair. You can trust us.
<i>Second-party information</i>	Customer feedback	 Algemene voorwaarden Gemiddelde klantbeoordeling ★★★★★ 4.9 uit 5 (438 stemmen)	 Warunki zakupów Średnia ocena klientów ★★★★★ 4.9 na 5 (438 opinii)	Terms and conditions, average customer review: 4.9 out of 5 (438 votes).
<i>Third-party information</i>	Expert endorsement	 "Deze algemene voorwaarden zijn eerlijk" M. Loos Professor Consumentenrecht	N/A <sup>123</sup>	"These terms and conditions are fair", M. Loos, professor consumer law

122 Cialdini, R. (2001). *Influence: Science and Practice*. Boston: Allyn & Bacon.

123 A similar picture was used with a well-reputed Polish professor of consumer law. This picture is not available because we did not receive permission to place it in the report.

Quality cues		Netherlands	Poland	Translation
	National consumer authority endorsement (domestic online store)			These terms and conditions are fair
	National consumer authority endorsement (foreign online store)			
	European consumer authority endorsement			

### Selection of focal good and service

For this study, we selected the most popular purchase categories for online consumers. Based on Eurostat data<sup>124,125</sup> (see Table A.2), we identified clothes as the dominant good category for online purchase and travel and holiday accommodation as the dominant service category for online purchase.

**Table A.2 % of the online population that has purchased in the product category in the last 12 months**

Online purchases:	EU-27	NL	PL
<b>Clothes/sports goods</b>	38%	47%	30%
<b>Travel and holiday accommodation</b>	34%	50%	10%
Household goods	26%	28%	21%
Books/magazines/e-learning material	25%	38%	13%
Tickets for events	25%	41%	8%
Films/music	18%	21%	6%
Electronic equipment	17%	24%	9%
Computer software	14%	24%	7%
Computer hardware	13%	12%	7%
Food/groceries	11%	15%	12%
Shares/financial services/insurance	8%	7%	2%
Medicine	7%	5%	3%

124 Eurostat, Internet purchases by individuals (2014), <http://appsso.eurostat.ec.europa.eu/nui/show.do>.

125 See also Eurostat, 1 out of 2 persons in the EU purchased online in 2015, <http://ec.europa.eu/eurostat/en/web/products-press-releases/-/4-11122015-AP>.

### Selection of countries

The survey was administered online in two of the countries that are also included in the country selection for the main study, namely (1) the **Netherlands** (EU15) and (2) **Poland** (EU13). These two countries are very different from each other on relevant aspects (consumer empowerment, national income, population density, region; see table below; Table A.3).

**Table A.3 Country characteristics (Source: Eurostat, 2014)**

Country code	Population		Region	Online population	Internet purchases		Consumer empowerment		GDP/capita	
	%	density (inhabitants per km <sup>2</sup> )			% of pop.	% of online pop.				
NL	3.3%	498	West	94%	71%	75%	17.3	High	128	High
PL	7.6%	126	East	69%	34%	49%	12.5	Low	66	Low
EU-27	100%	117					15.0		100	

### Experimental design and stimuli

The stimuli used for the experiment were *static images of websites*. These images were developed especially for this study. In the images, the quality cues of interest were manipulated, using experimental design principles of independence and balance. Each respondent was exposed to eight images of websites (one at a time) that varied on the following dimensions:

- Purchase type: good (clothing) versus service (hotel booking);
- Purchase type: domestic (in own language) versus foreign online store (in English);
- Type of seller (objective familiarity): existing vs. non-existing online store;
- Visual appeal: professional looking versus semi-professional looking online store.

The experimental design was a **full factorial design** (fully crossed design), which means that all possible combinations across all dimensions were included, except for the following restrictions:

1. Type of seller (objective familiarity) and online store visual appeal are correlated in practice. That is, well-known (familiar) online stores typically have professional looking websites. Less familiar online stores, in contrast, tend to vary strongly on this aspect. Therefore, visual appeal was only varied across the non-existing online stores, yielding three types of online stores: (1) existing (familiar), professional looking online stores, (2) non-existing (unfamiliar), professional looking online stores, and (3) non-existing (unfamiliar), semi-professional looking online stores;
2. Regarding the cross-border issue, the main question was whether consumers' trust in the quality of the T&Cs is affected by whether the consumer is buying from a domestic or foreign online store. If trust in foreign sellers is generally low, this may be a barrier for consumers to purchase cross-border. Thus, we were interested in whether trust was affected by whether the seller was domestic or foreign and not so much, at this stage, in whether different quality cues affect trust in foreign sellers to different extents. We only tested the impact of endorsements by a national versus European consumer organisation on trust in the terms and conditions on foreign online stores;
3. Since it appeared difficult to come up with foreign online stores that were well-known among the full online population in both the Netherlands and Poland, we selected two foreign online stores (one fashion and one hotel booking website) that were at least known among a substantial part of the online population in

each of the two countries, and we measured (rather than manipulated) familiarity with these online stores in the survey;

In total, four clothing website images and four hotel booking website images were developed (see Table A.4; also see Figure A.1 for an example).

**Table A.4 Website images reflecting combinations of passive quality cues**

	Image 1:	Image 2:	Image 3:	Image 4:	Image 5:	Image 6:	Image 7:	Image 8:
Purchase type	Clothing	Clothing	Clothing	Clothing	Hotel booking	Hotel booking	Hotel booking	Hotel booking
	Domestic	Domestic	Domestic	Foreign	Domestic	Domestic	Domestic	Foreign
Type of seller	Existing	Non-existing	Non-existing	(consumer-dependent)	Well-known	Non-existing	Non-existing	(consumer-dependent)
Online store quality	Professional	Professional	Semi-pro	Professional	Professional	Professional	Semi-pro	Professional

**Figure A.1 Example of website images and quality cues**



For each of the domestic website images, six versions were developed, each with a different active quality cue (promise-to-be-fair, customer feedback, expert endorsement, national consumer organisation endorsement, European consumer organisation endorsement) or no cue at all. For each of the two foreign website images, three versions were developed: two with quality cues (national consumer organisation endorsement versus European consumer organisation endorsement) and one with no cue at all. In total, we developed 48 website images per country, which reflected the conditions of the experimental design as shown in Table A.5. To control for differences in attention levels due to the specific location of active quality cues, all cues were manipulated at the bottom-right corner of the website images. Figure 6.2 provides examples of the manipulations.

This design not only enables us to test the individual effects of all quality cues on trust, but also to examine the interplay of active and passive quality cues. For example, it allows us to analyse how the influence of various active quality cues may depend on whether the consumer is buying from a well-known versus an unfamiliar online store. One might predict, for instance, that quality marks have a bigger impact on consumers' trust in terms and conditions of unfamiliar sellers, because they are more likely to rely on the sellers' reputation (and hence less on active quality marks) when buying from a well-known online store.

**Table A.5 Overview of the online stores used in the experimental part of the preliminary study**

Image:	Passive quality indicators:				Active quality indicators:
	Good/ service	Domestic/ foreign	Type of seller	Online store visual appeal	
1	Good	Domestic	Existing	Professional looking	No active indicator (control)
2	Good	Domestic	Existing	Professional looking	Promise-to-be-fair
3	Good	Domestic	Existing	Professional looking	Customer feedback
4	Good	Domestic	Existing	Professional looking	Expert endorsement
5	Good	Domestic	Existing	Professional looking	National consumer authority endorsement
6	Good	Domestic	Existing	Professional looking	European consumer authority endorsement
7	Good	Domestic	Non-existing	Professional looking	No active indicator (control)
8	Good	Domestic	Non-existing	Professional looking	Promise-to-be-fair
9	Good	Domestic	Non-existing	Professional looking	Customer feedback
10	Good	Domestic	Non-existing	Professional looking	Expert endorsement
11	Good	Domestic	Non-existing	Professional looking	National consumer authority endorsement
12	Good	Domestic	Non-existing	Professional looking	European consumer authority endorsement
13	Good	Domestic	Non-existing	Unprofessional looking	No active indicator (control)
14	Good	Domestic	Non-existing	Unprofessional looking	Promise-to-be-fair
15	Good	Domestic	Non-existing	Unprofessional looking	Customer feedback
16	Good	Domestic	Non-existing	Unprofessional looking	Expert endorsement
17	Good	Domestic	Non-existing	Unprofessional looking	National consumer authority endorsement
18	Good	Domestic	Non-existing	Unprofessional looking	European consumer authority endorsement
19	Service	Domestic	Existing	Professional looking	No active indicator (control)
20	Service	Domestic	Existing	Professional looking	Promise-to-be-fair
21	Service	Domestic	Existing	Professional looking	Customer feedback
22	Service	Domestic	Existing	Professional looking	Expert endorsement
23	Service	Domestic	Existing	Professional looking	National consumer authority endorsement
24	Service	Domestic	Existing	Professional looking	European consumer authority endorsement
25	Service	Domestic	Non-existing	Professional looking	No active indicator (control)



Image:	Passive quality indicators:				Active quality indicators:
	Good/ service	Domestic/ foreign	Type of seller	Online store visual appeal	
26	Service	Domestic	Non-existing	Professional looking	Promise-to-be-fair
27	Service	Domestic	Non-existing	Professional looking	Customer feedback
28	Service	Domestic	Non-existing	Professional looking	Expert endorsement
29	Service	Domestic	Non-existing	Professional looking	National consumer authority endorsement
30	Service	Domestic	Non-existing	Professional looking	European consumer authority endorsement
31	Service	Domestic	Non-existing	Unprofessional looking	No active indicator (control)
32	Service	Domestic	Non-existing	Unprofessional looking	Promise-to-be-fair
33	Service	Domestic	Non-existing	Unprofessional looking	Customer feedback
34	Service	Domestic	Non-existing	Unprofessional looking	Expert endorsement
35	Service	Domestic	Non-existing	Unprofessional looking	National consumer authority endorsement
36	Service	Domestic	Non-existing	Unprofessional looking	European consumer authority endorsement
37	Good	Foreign	Existing	Professional looking	No active indicator (control)
38	Good	Foreign	Existing	Professional looking	National consumer authority endorsement
39	Good	Foreign	Existing	Professional looking	European consumer authority endorsement
40	Good	Foreign	Non-existing	Professional looking	No active indicator (control)
41	Good	Foreign	Non-existing	Professional looking	National consumer authority endorsement
42	Good	Foreign	Non-existing	Professional looking	European consumer authority endorsement
43	Service	Foreign	Existing	Professional looking	No active indicator (control)
44	Service	Foreign	Existing	Professional looking	National consumer authority endorsement
45	Service	Foreign	Existing	Professional looking	European consumer authority endorsement
46	Service	Foreign	Non-existing	Professional looking	No active indicator (control)
47	Service	Foreign	Non-existing	Professional looking	National consumer authority endorsement
48	Service	Foreign	Non-existing	Professional looking	European consumer authority endorsement

The 48 website images were divided into six groups of eight images, as in Table A.6, where PTFB = promise-to-be-fair, CUS\_FEED = customer feedback, EXP\_END = expert endorsement, NAT\_END = national consumer organisation endorsement, and EUR\_END = European consumer organisation endorsement. Respondents were randomly assigned to one of the six groups. The order of the images was randomized



within each group.<sup>126</sup> Quality cues were rotated such that respondents were exposed to a maximum variety of quality cues across the online stores (see Table A.6).

**Table A.6 Experimental groups**

	<b>Image 1:</b>	<b>Image 2:</b>	<b>Image 3:</b>	<b>Image 4:</b>	<b>Image 5:</b>	<b>Image 6:</b>	<b>Image 7:</b>	<b>Image 8:</b>
Type	Clothing	Clothing	Clothing	Clothing	Hotel booking	Hotel booking	Hotel booking	Hotel booking
Type of seller	Domestic Existing	Domestic Non-existing	Domestic Non-existing	Foreign (consumer-dependent)	Domestic Existing	Domestic Non-existing	Domestic Non-existing	Foreign (consumer-dependent)
Online store quality	Professional	Professional	Semi-prof	Professional	Professional	Professional	Semi-prof	Professional
Group 1	EXP_END	CUS_FEED	EUR_END	NAT_END	PTBF	NAT_END	Control	EUR_END
Group 2	Control	EXP_END	CUS_FEED	NAT_END	EUR_END	PTBF	NAT_END	Control
Group 3	NAT_END	Control	EXP_END	EUR_END	CUS_FEED	EUR_END	PTBF	Control
Group 4	PTBF	NAT_END	Control	EUR_END	EXP_END	CUS_FEED	EUR_END	NAT_END
Group 5	EUR_END	PTBF	NAT_END	Control	Control	EXP_END	CUS_FEED	NAT_END
Group 6	CUS_FEED	EUR_END	PTBF	Control	NAT_END	Control	EXP_END	EUR_END

### Procedure and measures

After an introduction and instructions, respondents were presented with eight website images, one at a time. For each image, they answered the following two questions:

1. Imagine that you are interested in [purchasing clothes/booking a hotel stay]. Would you consider [buying clothes at this online store/booking a hotel stay with this online provider]?  
Measured on a scale from (1) Certainly not to (7) Certainly so
2. How would you estimate the probability that there are unfair terms in the terms and conditions of this online store or provider?  
Measured on a scale from (1) Very small to (7) Very large

The first question measures purchasing intention. Although our methodology strongly improves over traditional survey methodology, we are aware of the fact that this question is prone to social desirability bias. The focus here lies on the differences in ratings between the experimental conditions, rather than on the absolute ratings. The second question assesses consumers' trust in the quality of the terms and conditions, and is a more direct measure.

### ***Part 2: Negative consequences of not being (sufficiently) informed about terms and conditions***

The second part of Preliminary study 2 examined the types and incidence of detrimental consequences of blind acceptance of terms and conditions. Consumers may suffer post-purchase detriment caused by unfair contract terms, but they may also experience detriment as a result of not being (sufficiently) informed about their rights and obligations before making the purchase, independent of whether the terms are fair or unfair. It appears very difficult for consumers to distinguish situations in which sellers actually used terms that are unfair by law from situations in which

126 Note that each individual respondent only saw one version of a specific online store.

consumers *felt* that they were treated unfairly while in fact the terms were fair from a legal perspective. The second part of the survey assesses detriment that consumers suffered due to (self-reported) insufficient knowledge of terms and conditions that applied to the purchase, independent of whether the terms were legally fair or unfair.

For this part of the survey, we followed the methodology suggested in the *handbook for the measurement of consumer detriment*, which has been drafted based on research by Europe Economics for the European Commission.<sup>127</sup> This handbook identifies that an effective way to estimate consumer detriment is through a properly designed, representative consumer survey unless structural detriment due to market regulatory failure as compared to well-functioning markets is measured. The survey assesses (1) respondents' experiences of consumer problems in the last 12 months (probed recall), and (2) follow-up questions regarding the most *recent* problem (for which memory is likely to be best). The follow-up questions include the type of problem, possible forewarnings of the problem, problem resolution, and financial and non-financial impacts on the consumer.

The questionnaire developed for this study to measure consumer detriment was inspired by the Handbook of Consumer Detriment and the Consumer Detriment Survey<sup>128</sup>, but focused solely on detriment suffered from blind acceptance of terms and conditions as opposed to more general causes of complaint, and was much shorter in length. As the Consumer Detriment Survey, the present questionnaire assesses:

- The type of purchase the problem related to;
- The purchase channel;
- The purchase price;
- Whether or not action was undertaken to solve the problem;
- Financial harm;
- Psychological harm;
- Time costs.

Since our questionnaire aimed to provide insight into the problems experienced as a result of not reading terms and conditions – regardless of whether these actually included legally unfair terms – we also asked which specific T&Cs topic the problem related to and to what extent the respondent blamed herself or the seller for the problem.

The design of the current survey does come with a few limitations:

- A strong limitation of using survey methodology for measuring consumer detriment is that this method relies on respondents' recall performance. It measures their memory of problems they have experienced in the (recent) past, which could be poor or even biased;
- Second, the current survey only assesses detriment the consumer is *aware* of, a common problem when engaging in consumer detriment assessment. The current method does not provide hard evidence on actual consumer exposure

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127 Run for DG SANCO, see [http://ec.europa.eu/consumers/consumer\\_evidence/market\\_studies/docs/handbook\\_consumer-detriment.pdf](http://ec.europa.eu/consumers/consumer_evidence/market_studies/docs/handbook_consumer-detriment.pdf) and [http://ec.europa.eu/consumers/archive/strategy/docs/study\\_consumer\\_detriment.pdf](http://ec.europa.eu/consumers/archive/strategy/docs/study_consumer_detriment.pdf).

128 Ipsos MRBI (2014). Consumer Detriment Survey 2014. Study on behalf of Competition and Consumer Protection Commission.

to unfair contract terms. If consumers do not experience any problems with a certain purchase, they are unlikely to become aware of the presence of legally unfair terms in the contract, if any. This survey thus does not provide insight into the occurrence of and severity of problems related to the presence of unfair terms in contracts;

- The number of questions that we could ask about this topic in Preliminary survey 2 was very limited (about 10 questions) due to time constraints. This is substantially shorter than the Consumer Detriment Survey, which includes about forty questions.

We stress that the focus of this preliminary survey is more a qualitative analysis of the types of detrimental consequences suffered by consumers as a result of not being sufficiently informed about the terms and conditions when making a purchase than on providing accurate estimates of financial and non-financial consumer detriment. Considering the relatively small sample of 500 respondents per country, we should be extremely cautious in extrapolating the results to population-level estimates of consumer detriment.

### **Part 3: Consumer characteristics**

The third and last part of the survey measured relevant consumer characteristics, namely:

- Online purchasing behaviour (frequency, product categories, and cross-border purchasing);
- Consumer empowerment;
- General awareness of consumer rights;
- Trust in others;
- Financial situation;
- Familiarity with the (brand) names used in the experiment.

The complete questionnaire can be found in Appendix C.

## **A.3 Methodology Main study**

The main study consisted of an online experiment, aimed to provide insight into:

1. The effects of increasing transparency of the T&Cs (making them simpler and shorter);
2. The effects of quality cues on trusting the quality of the T&Cs and the online seller.

### **Country sample**

The country sample included Germany (DE), Estonia (EE), Spain (ES), Finland (FI), France (FR), Italy (IT), the Netherlands (NL), Poland (PL), Romania (RO), Sweden (SE), Slovenia (SI), the United Kingdom (UK) (Table A.7). The country selection was based on including a wide variety of countries regarding region, country size, and GDP/capita. The samples are nationally representative in each surveyed Member State. In each country, approximately 1,000 respondents participated in the study (for the exact sample sizes, see Table 7.10). The survey took approximately 15 minutes to complete.

**Table A.7 Details per country**

Country code	EU	Region	GDP/capita
AT	EU15	Central	131
BE	EU15	West	119
BG	EU13	East	47

Country code	EU	Region	GDP/capita
CY	EU13	South	97
CZ	EU13	Central	79
DE	EU15	Central	121
DK	EU15	North	125
EE	EU13	North	68
EL	EU15	South	75
ES	EU15	South	97
FI	EU15	North	115
FR	EU15	West	108
HR	EU13	South	61
HU	EU13	East	66
IE	EU15	West	129
IT	EU15	South	98
LT	EU13	East	70
LU	EU15	West	271
LV	EU13	East	62
MT	EU13	South	86
NL	EU15	West	128
PL	EU13	East	66
PT	EU15	South	75
RO	EU13	East	49
SE	EU15	North	128
SI	EU13	South	82
SK	EU13	East	75
UK	EU15	West	110

### Experimental design

The main study consisted of five parts. The set-up of the main study can be found in table A.8.

**Table A.8 Set-up of the main study.**

<b>Part</b>	<b>Task</b>
Part A	<b>Introduction + instructions</b>
Part B	<b>Purchasing task</b> with free exposure to T&Cs in non-existing online store (dynamic website)
Part C	<b>Purchasing task</b> with default exposure to T&Cs in non-existing online store (dynamic website)
Part D	<b>Trust judgments</b> (no exposure to T&Cs) for existing and non-existing online stores (static websites)
Part E	<b>Post-experiment questionnaire</b>

Parts B, C, and D can be viewed as separate experiments. In these three parts, different variables were manipulated, which we will explain in further detail. In general, part C focused on **increasing transparency**, whereas parts B and D focused on **effortless awareness** through quality cues.

In the first chapters of this report, we discussed increased transparency before effortless awareness. However, in the experimental set-up, we first focused on effortless awareness (part B), then on increasing transparency (part C). The reason why we switched these two is that part C clearly focused on the T&Cs. There was a default exposure to the T&Cs and many questions referred to the T&Cs. We did not want to let this influence respondents' answers in part B, in which reading the T&Cs was optional and questions focused on trust. For reasons of consistency, in our description of the main study, we will start with increasing transparency (part C) and then discuss creating effortless awareness (parts B and D).

### **Dynamic and static websites**

Two dynamic websites (one for part B, one for part C) were developed for this study. The purchasing scenarios described that the respondent had made a choice from the assortment (the purchase was the same for all respondents). On the website, respondents went through the steps of the ordering process. This part of the website functioned as in reality. That is, respondents were able to see an overview of the contents of their online "shopping basket" and, next, completed a form with their personal information and preferences related to payment and delivery. Before placing their order, respondents were either directly provided with the T&Cs (in the default exposure part) or had the option to click on a link to access the T&Cs (in the free exposure part). Respondents had the option to cancel their order (e.g., if they did not agree with the T&Cs). If they chose to cancel their order, they went back to the questionnaire and indicated why they had cancelled their order.

Part D contained static websites. We included two existing and two non-existing online stores, and used the same stores as in Preliminary study 2 (with the slight modification that one semi-professional online store was made professional, so that all online stores appeared professional).

### Domestic vs. foreign online stores

Each dynamic website had two versions: a domestic and a foreign version. We varied whether the dynamic website that respondents saw was a domestic or a foreign online store. If respondents saw a domestic online store in part B, they saw a foreign online store in part C, and vice versa. The foreign online store was always in English (the UK site). The reason for this was that this is the best spoken or most studied foreign language in the selected Member States.<sup>129</sup> For respondents from the UK, the online store was also in English, because there was no foreign language that was spoken by a majority. However, we indicated that the online store was Irish and displayed the currency in euros.

Part D consisted of static websites. Respondents saw two online stores: an existing and a non-existing store. For the existing store, it was country-dependent whether it was domestic or foreign (this will be explained further in the description of part D). For the non-existing store, we randomly assigned respondents to the domestic or the foreign version. Again, foreign online stores were in English (the UK version). For the UK, we added an Irish flag to the site to show that it was Irish (Figure A.2).

**Figure A.2 Example of a mock-up Irish website**



129 Eurostat: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign\\_language\\_learning\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign_language_learning_statistics), <http://ec.europa.eu/eurostat/documents/2995521/5177306/3-25092014-AP-EN.PDF/568bd6e0-0184-444e-b965-ffc801c7df99>, and <http://ec.europa.eu/eurostat/documents/2995521/5162658/3-26092013-AP-EN.PDF/139b205d-01bd-4bda-8bb9-c562e8d0dfac>.

## **Incentives**

By including incentives in the experiment we wanted to accomplish that respondents cared about the outcome of the purchasing tasks, as is the case in real life. At the same time, the incentives should not result in respondents focusing more on the T&Cs than in real life. Otherwise, respondents reading the T&Cs would only be an artificial result, not generalizable to real-life situations. Thus, the incentives should not be explicitly linked to the T&Cs. To achieve this, we indicated that the purchases were "real" for a small group of respondents, which we further explained as receiving "an equivalent of the purchased product as an additional reward". To respondents, this might have indicated that they would actually receive something similar to the purchased item. This might provide an incentive for respondents to accept the T&Cs, which actually reflects reality. After all, we can assume that, in real life, consumers have a relatively strong desire to buy the products they are about to order (this is precisely one of the reasons for their low motivation to read the T&Cs). At the same time, the incentive was not explicitly linked to the T&Cs. Since the online stores did not exist, actually sending the purchased item was not possible. Instead, these respondents received the value of the purchased item.

## **Pilot**

Before data collection started, we conducted a pilot of the study among approximately 200 UK respondents. Based on the results of this pilot, we added some explanatory sentences to the study. For example, in the default exposure part, respondents had to scroll to the end of the T&Cs before they could continue. This was not clear for all respondents, so we explained this on the website. Moreover, quite a few respondents seemed to quit with the questionnaire when they encountered the first dynamic website, or cancelled their order. In both cases, they seemed to dislike the amount of personal information they were required to provide, which we reduced (e.g., we deleted items like "gender" and made providing an email address optional). We also indicated more clearly that none of the information would be stored after the study was completed. Finally, some respondents were not interested in the specific item in their shopping basket (which was the same for everyone). We therefore added a sentence to the instructions, asking respondents to imagine being interested if they were not really interested.

Below, all parts of the study are described in more detail.

### ***Instructions (Part A in the questionnaire)***

Part A consisted of general instructions. Respondents read that they would shop in online clothing stores. We explained that they would click through all the steps they usually went through when ordering an item, and that the purchase would be "real" for some respondents. We also clearly stated that the personal information respondents entered would not be stored and that respondents would not have to actually pay for the purchase.

Because one of the online stores in either part B or C was in English, we also asked respondents whether they spoke English. Only if they indicated that they did not speak English at all, they were allowed to skip the part with the foreign online store. Respondents did not know that they would skip part of the questionnaire.



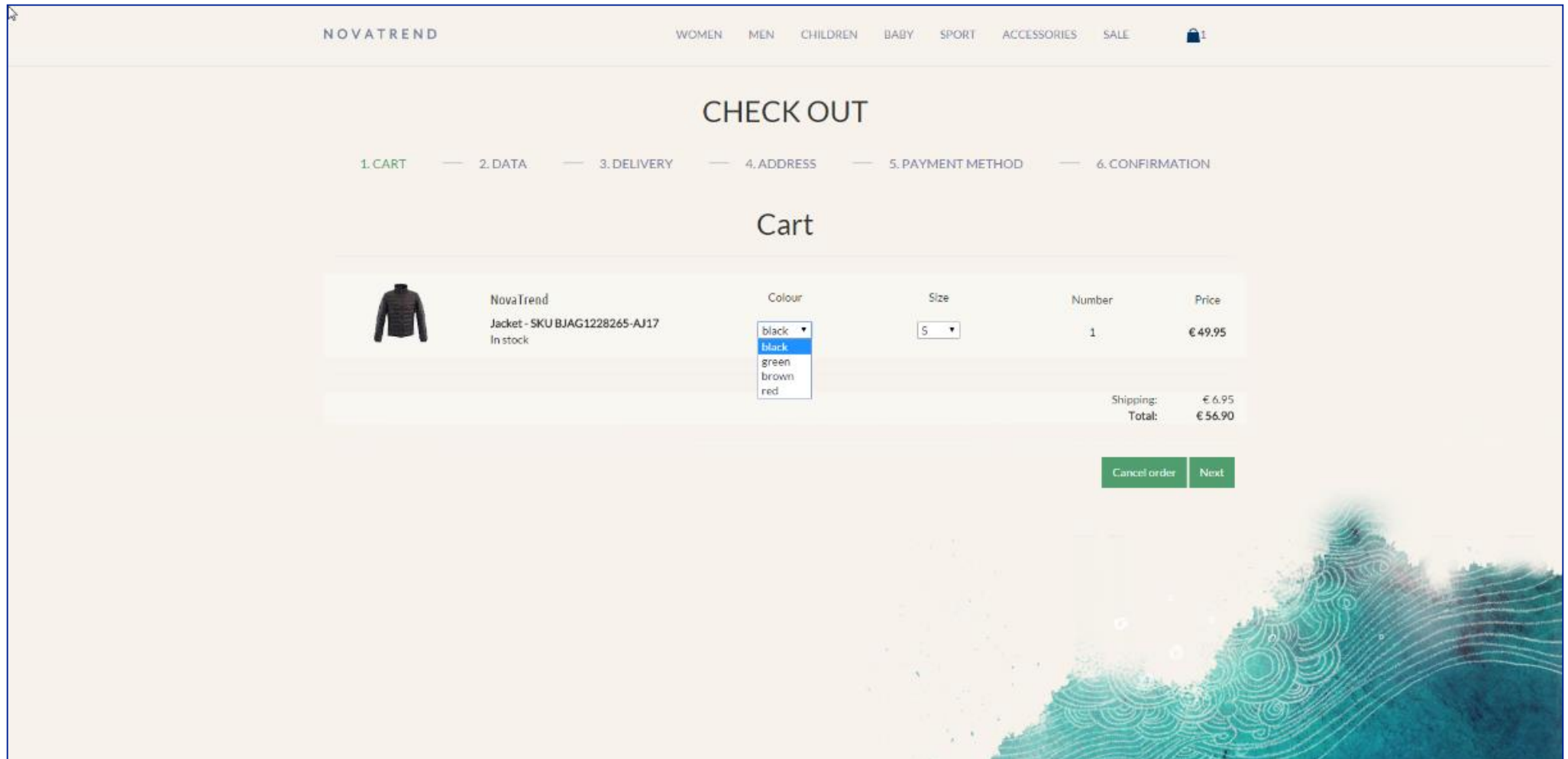
**Experiment 1: Increasing transparency (Part C in the questionnaire)**

In Experiment 1, part C in the questionnaire, respondents were told that they were looking for a new jacket, and found it on a [foreign]<sup>130</sup> online store, called NovaTrend (Figure A.3). The design was a 2 (type of online store) × 4 (type of T&Cs) between-subjects design with eight conditions in total (Table A.9). Respondents were randomly assigned to one of these eight conditions. The two factors, type of online store and type of T&Cs, will be explained below.

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130 Whether the text *foreign* was displayed depended on the condition (foreign or domestic condition).

Figure A.3 Online store NovaTrend (cart page)



**Table A.9 Conditions in Experiment 1**

Condition	Type of online store	Type of T&Cs
1	Domestic	Long and complex
2	Domestic	Short and complex
3	Domestic	Short and simple
4	Domestic	Extremely short and simple
5	Foreign	Long and complex
6	Foreign	Short and complex
7	Foreign	Short and simple
8	Foreign	Extremely short and simple

The first factor was type of online store. Respondents were randomly assigned<sup>131</sup> to one of two types of online stores:

- Domestic (online store in the national language);
- Foreign (UK online store).

The second factor was type of T&Cs.<sup>132</sup> The experiment focused on the effects of changing the T&Cs on readership. Specifically, we made the T&Cs shorter and simpler. Respondents were randomly assigned to one of four conditions:

- C1: Long and complex T&Cs;
- C2: Short and complex T&Cs;
- C3: Short and simple T&Cs<sup>133</sup>;
- C4: Extremely short and simple T&Cs.

The texts of these four versions of T&Cs can be found in Appendix E.

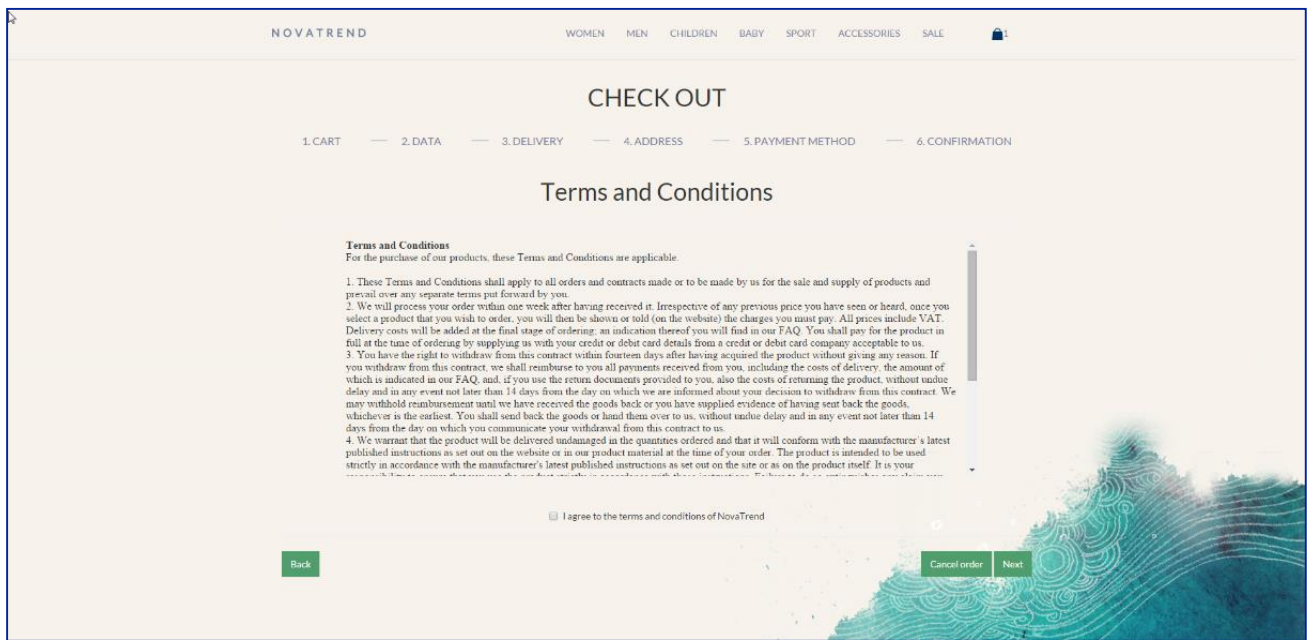
The T&Cs were presented in a separate step in the purchase process, so exposure to the T&Cs was "forced" on respondents (Figure A.4). In addition, respondents had to scroll to the end of the T&Cs before they could accept them and continue the purchase process. Cancelling the order was possible on this page as well as on the final page (the confirmation page). If respondents wanted to reject the T&Cs, they had to cancel the order.

131 The random assignment occurred at the start of the questionnaire. Note that if respondents were assigned to a domestic online store in part B, they were automatically assigned to a foreign online store in part C, and vice versa.

132 The T&Cs were developed by law experts from the University of Amsterdam. The T&Cs were translated into all languages by GlobalVision International, Inc.

133 Ideally, this condition was equal in length to the short and complex T&Cs condition. However, although the two conditions did contain the same content, the short and simple condition was shorter than the short and complex version. The reason for this is that making the text simpler also meant using less words to explain the term.

**Figure A.4 Default exposure to terms and conditions in Experiment 1**



We included the following measures:

- Self-reported readership: To what extent did respondents read the T&Cs?
- Perception of length: How long did respondents think the T&Cs were?
- Objective comprehension: Score on a four-item comprehension quiz;
- (Dis)trust in the substantive quality of the T&Cs;
- If respondents cancelled the order: Reason for cancelling.

If respondents read the T&Cs, we also measured the following:

- Subjective comprehension: How difficult did respondents think the T&Cs were?
- Attitude towards the T&Cs: Missing relevant information, satisfaction with the content, frustration while reading the T&Cs, considering reading the T&Cs a waste of time or worth their time;
- Perceived influence of reading the T&Cs on purchase decision.

Finally, we included the following unobtrusive measures:

- Time spent on the T&Cs: If respondents accessed the T&Cs, how much time did they spent on the page? (in seconds);
- Acceptance: Were the T&Cs accepted?
- Cancelling purchase: Was the purchase cancelled?

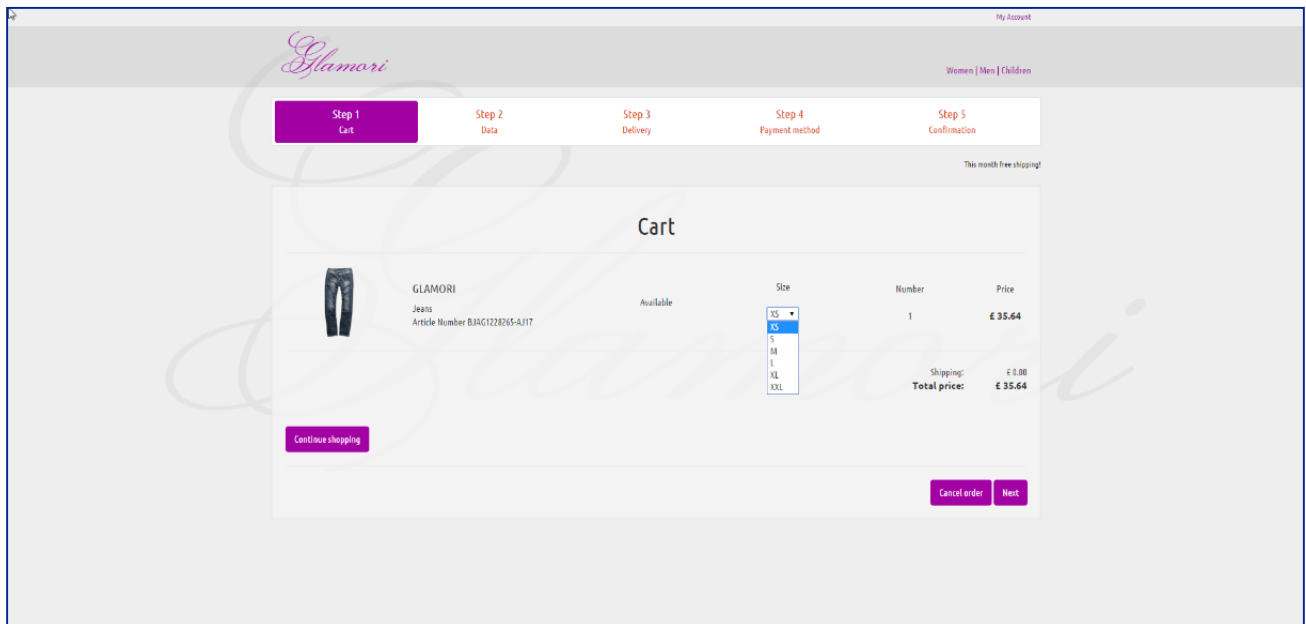
### **Experiment 2: Effortless awareness (Part B in the questionnaire)**

In Experiment 2, part B in the questionnaire, respondents were told that they were looking for new jeans, and found them on a [foreign]<sup>134</sup> online store, called Glamori (Figure A.5). The design was a 2 (type of online store) × 4 (type of quality cues)

134 Whether the text *foreign* was displayed depended on the condition (foreign or domestic condition).

between-subjects design with eight conditions in total (Table A.10). Respondents were randomly assigned to one of these eight conditions. The two factors, type of online store and type of quality cues, will be explained below.

**Figure A.5 Online store Glamori (cart page)**



**Table A.10 Conditions in Experiment 2**

Condition	Type of online store	Type of quality cue
1	Domestic	No cue
2	Domestic	Reading cost cue
3	Domestic	National CO endorsement
4	Domestic	European CO endorsement
5	Foreign	No cue
6	Foreign	Reading cost cue
7	Foreign	National CO endorsement
8	Foreign	European CO endorsement

The first factor was type of online store. Respondents were randomly assigned<sup>135</sup> to one of two types of online stores:

- Domestic (online store in the national language);
- Foreign (UK online store).

The second factor was type of quality cue. The experiment focused on the effects of quality cues on trusting the T&Cs and the seller. We selected quality cues based on which cues seemed to affect trust and purchase decision in Preliminary study 2. In the



135 The random assignment occurred at the start of the questionnaire. Note that if respondents were assigned to a domestic online store in part B, they were automatically assigned to a foreign online store in part C, and vice versa.

current experiment, respondents saw only one online store with only one of the four cues. Specifically, respondents were randomly assigned to one of four conditions:

- B1: No cue;
- B2: Reading cost cue ("reading the terms and conditions takes less than five minutes")<sup>136</sup>;
- B3: Endorsement by a national consumer organisation;
- B4: Endorsement by a European consumer organisation.

The cues indicating endorsement by a consumer organisation (B3 and B4) were the same cues as in Preliminary study 2, except that this time, more languages and logos were included, since the experiment covered more countries. Moreover, the foreign online store was always the UK online store (in English). As such, respondents who encountered endorsement by a national consumer organisation (B3) on a foreign online store saw the UK logo. An exception to this was if a respondent was from the UK; in that case, the respondent saw the UK logo on the domestic online store or an Irish logo on the foreign online store. The national consumer organisations and the logos that were used for the condition with endorsement by a national consumer organisation (B3) can be found in Table A.11. The European logo (B4) was exactly the same as in Preliminary study 2.<sup>137</sup>

**Table A.11 Consumer organisations and national logos per country**<sup>138</sup>







Country	National consumer organisation	Domestic national endorsement (B3) <sup>139</sup>
Germany (DE)	N/A	N/A
Estonia (EE)	N/A	N/A
Spain (ES)	Organización de Consumidores y Usuarios	
Finland (FI)	Kuluttajaliitto - Konsumentförbundet	

136 Although this cue does not necessarily indicate the quality of the T&Cs, we were primarily interested in whether the cue affected accessing the T&Cs, which could only be measured in this part of the questionnaire. Moreover, in part C (default exposure to T&Cs), consumers could quickly make an assessment of reading costs based on the actual T&Cs, so perceived costs was unlikely to have a large effect there. Hence, it was included among the quality cues.

137 All cues were made by us, thus non-existing cues. However, the logos displayed on the (domestic or foreign) national consumer organisation quality cue were logos from existing consumer organisations.

138 Not available (N/A) means that these organisations did not give us permission to print their logo in the report.

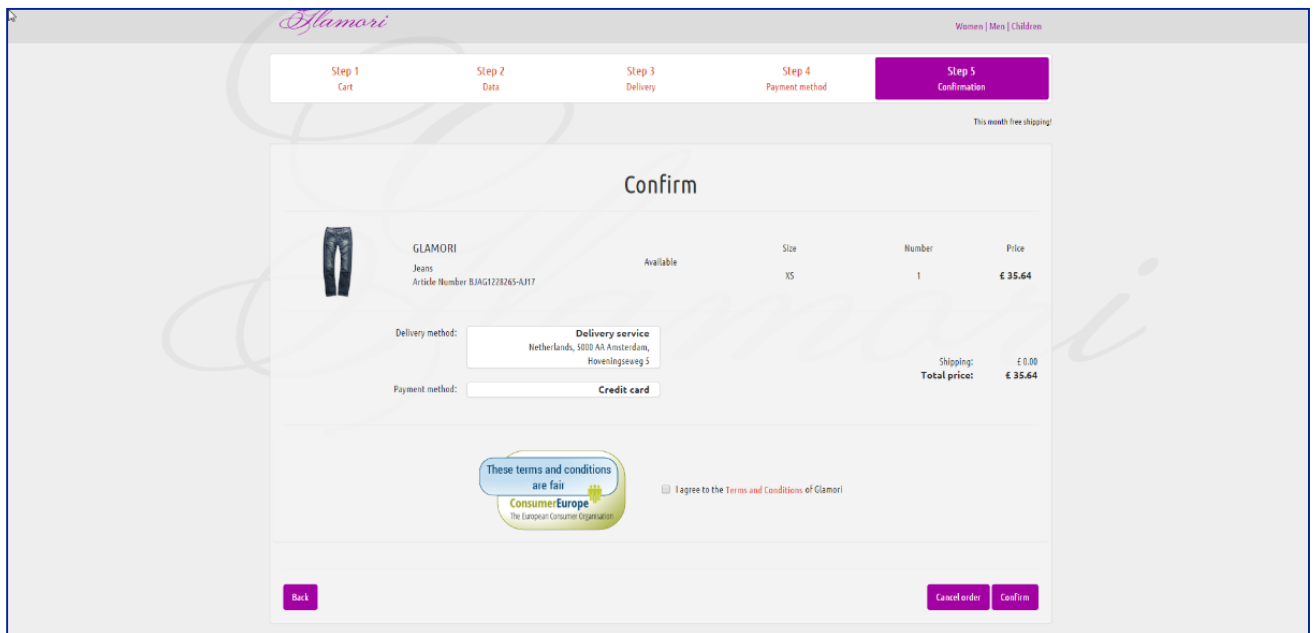
139 Note that the foreign national endorsement (B3) was always the UK logo, except for respondents from the UK, who received an (existing) Irish organisation's logo.

Country	National consumer organisation	Domestic national endorsement (B3) <sup>139</sup>
France (FR)	Confédération de la Consommation, du Logement et du Cadre de Vie	
Italy (IT)	N/A	N/A
Netherlands (NL)	Consumenten-bond	
Poland (PL)	Federacja Konsumentów	
Romania (RO)	Asociatia pentru Protectia Consumatorilor din România	
Sweden (SE)	Sveriges Konsumenter	
Slovenia (SI)	Zveza Potrošnikov Slovenije	
United Kingdom (UK)	N/A	N/A

The cue was displayed near the link to the T&Cs. Specifically, the reading cost cue (B2) was displayed above the T&Cs, and the endorsement logos (B3 and B4) were displayed next to the T&Cs (Figure A.6).

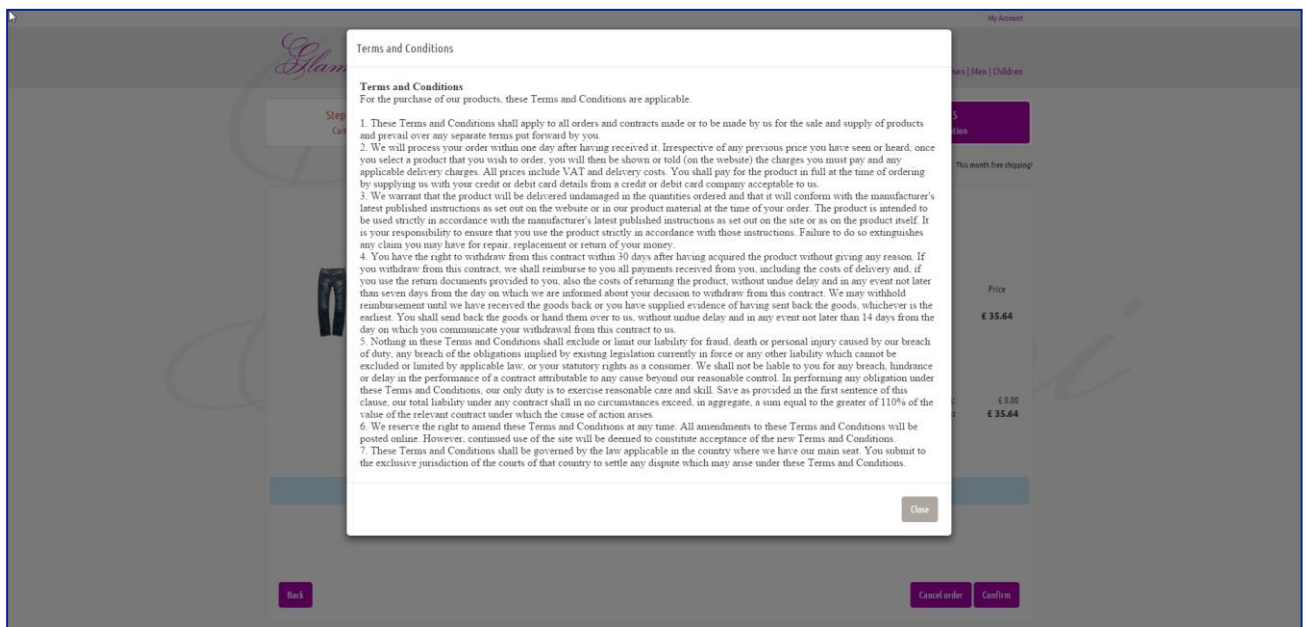


**Figure A.6 An example of a quality cue (here: B4) near the link to the T&Cs**



There was no default exposure to the T&Cs in this part. Instead, respondents could click on a link to access the T&Cs, but this was not required for acceptance. If they clicked on the link, they saw a pop-up with the T&Cs (Figure A.7). In this experiment, there was only one version of the T&Cs, so length and complexity were kept constant. To distinguish these T&Cs from those in Experiment 1, we used slightly different terms that were somewhat more positive (e.g., 30 instead of 14 days to cancel the order). The entire text of the T&Cs that we used can be found in Appendix E.

**Figure A.7 Free exposure to terms and conditions in Experiment 2**



We included the following measures:

- (Dis)trust in the substantive quality of the T&Cs;
- Perceived trustworthiness of the seller;
- If respondents cancelled the order: Reason for cancelling.

We also included the following unobtrusive measures:

- Accessing the T&Cs: Did respondents click to access the T&Cs?
- Time spent on the T&Cs: If respondents accessed the T&Cs, how much time did they spend on the page?
- Acceptance: Were the T&Cs accepted?
- Cancelling purchase: Was the purchase cancelled?

***Experiment 3: Effortless awareness (Part D in the questionnaire)***

Experiment 3, part D in the questionnaire, was similar in design to Preliminary study 2. Some changes were made, however:

- Because type of product did not seem to influence the results in Preliminary study 2, the stores were all clothing stores, no booking websites, keeping type of product constant;
- All online stores looked professionally, so this was kept constant across conditions;
- Only three quality cues were tested;
- Twelve instead of two countries were tested;
- Respondents saw two instead of eight online stores.

We did include the most promising factors that had also been included in Preliminary study 2:

- Existing vs. non-existing online stores;
- Domestic vs. foreign online stores;
- Quality cues.

For the quality cues factor, we selected the most promising quality cues from the preliminary study (for an example, see Figure A.8):

- D1: No cue;
- D2: Customer feedback;
- D3: Endorsement by a national consumer organisation;
- D4: Endorsement by a European consumer organisation.

**Figure A.8 An example of a quality cue (here: D4) on a non-existing, domestic online store**



As such, we had the following conditions (Table A.12):

**Table A.12 Conditions in Experiment 3**

Condition	Factor 1: Store	Factor 2: Type of online store	Factor 3: Type of quality cue
1	Existing	Domestic	No cue
2	Existing	Domestic	Customer feedback
3	Existing	Domestic	National CO endorsement
4	Existing	Domestic	European CO endorsement
5	Existing	Foreign	No cue
6	Existing	Foreign	Customer feedback
7	Existing	Foreign	National CO endorsement
8	Existing	Foreign	European CO endorsement
9	Non-existing	Domestic	No cue
10	Non-existing	Domestic	Customer feedback
11	Non-existing	Domestic	National CO endorsement
12	Non-existing	Domestic	European CO endorsement
13	Non-existing	Foreign	No cue
14	Non-existing	Foreign	Customer feedback
15	Non-existing	Foreign	National CO endorsement
16	Non-existing	Foreign	European CO endorsement

However, these conditions did not exist for all countries. For the non-existing online stores, we made domestic and foreign versions, so that we could randomly decide

whether respondents saw the domestic or foreign version. As such, in all countries we could test domestic and foreign non-existing stores. However, for the two existing online stores, the classification of online stores as domestic or foreign depended on the specific country. For example, an existing store may be present in Germany but not in Spain, making it a domestic store for German consumers but a foreign store for Spanish consumers. Unlike with non-existing stores, we could not control this: Whether the store was domestic or foreign simply depended on the country. Table A.13 shows whether the specific stores that we used were domestic or foreign in each country. As can be seen, for some countries, both existing stores were domestic. As such, these countries missed the condition that the existing store was foreign (and vice versa).

**Table A.13 Type of existing online store (domestic vs. foreign) per country**

	Existing store 1	Existing store 2
Germany (DE)	Domestic	Domestic
Estonia (EE)	Domestic	Foreign
Spain (ES)	Foreign	Domestic
Finland (FI)	Foreign	Foreign
France (FR)	Domestic	Domestic
Italy (IT)	Domestic	Domestic
Netherlands (NL)	Domestic	Foreign
Poland (PL)	Domestic	Foreign
Romania (RO)	Domestic	Foreign
Sweden (SE)	Domestic	Foreign
Slovenia (SI)	Domestic	Foreign
United Kingdom (UK)	Domestic	Domestic

Respondents were exposed to two images of websites, one at a time. One of the online stores was always an existing store, the other a non-existing store (the order varied). We had no control over whether the existing store was domestic or foreign, but randomly assigned respondents to a non-existing domestic or a non-existing foreign site. Respondents never saw two of the same cues, so the combinations of the quality cues were those in Table A.14. In addition, we made sure that if respondents had seen a certain quality cue in Experiment 2 (e.g., national consumer organisation endorsement), they did not see the same quality cue in Experiment 3.

**Table A.14 Quality cue combinations in Experiment 3**

Quality cue combination	First store	Second store
1	No cue	Customer feedback
2	No cue	National CO endorsement
3	No cue	European CO endorsement
4	Customer feedback	No cue
5	Customer feedback	National CO endorsement
6	Customer feedback	European CO endorsement
7	National CO endorsement	No cue
8	National CO endorsement	Customer feedback
9	National CO endorsement	European CO endorsement
10	European CO endorsement	No cue
11	European CO endorsement	Customer feedback
12	European CO endorsement	National CO endorsement

Per online store, we included the same measures as in Preliminary study 2, measured on the same scales:

- Purchase intention;
- Trust in the substantive quality of the T&Cs.

#### ***Post-experiment questionnaire (Part E in the questionnaire)***

In the post-experiment questionnaire, we measured the following variables:

- Subjective familiarity with the online stores that were included in the study;
- Subjective familiarity with the consumer organisations that were included in the study (the domestic consumer organisation, the foreign consumer organisation, and the non-existing European consumer organisation);
- Perceived trustworthiness of the quality cues the respondent encountered in the study;
- English language understanding;
- Consumer law expertise;
- Gender;
- Age;
- Education.

The complete questionnaire can be found in Appendix D.

## Appendix B. Preliminary study 1

### Questionnaire LISS panel (TRANSLATED FROM DUTCH)

This questionnaire is about online purchases.

**q1.** In the past year, did you make any purchases online?

- 1) No, never;
- 2) Yes, sometimes;
- 3) Yes, regularly;
- 4) Yes, often.

*if q1≠1*

**q2.** At what kind of online stores did you make these purchases in the past year?

"Dutch online stores" can be considered online stores that are founded in The Netherlands but also international stores that have an online store in Dutch.

"Unknown online stores" can be considered online stores you never heard of before, that you might stumble upon on the internet when you are browsing for a particular product (e.g. through Google or a price comparison website).

*More than one answer permitted*

- 1) Well-known Dutch online stores that have physical stores as well (e.g. V&D, Bijenkorf, H&M, HEMA);
- 2) Well-known Dutch online stores that do not have physical stores (e.g. Wehkamp, Bol.com);
- 3) Well-known foreign online stores (e.g. amazon.com, play.com);
- 4) Unknown Dutch online stores;
- 5) Unknown foreign online stores.

When making online purchases there are certain terms and conditions that apply, such as conditions regarding the delivery, payment, and return policy of products. Below you can find a list of topics that online stores (are obliged to) give information on. Certain information might be very important to you and essential in your decision to actually make a purchase at the online store in question. Other types of information might only be of importance to you after a purchase has been made, for example when an issue has arisen. Finally, there might also be information that is not important to you at all.

*if q1=1*

Even if you never make an online purchase, please try to answer the following questions anyway.

**q3.** Could you indicate what type of information you would necessarily want to have **before** you decide to make a purchase at the online store in question?

- 1) The amount of delivery costs;
- 2) The delivery period: the period in which the online store delivers the product to you;
- 3) The withdrawal period: the period in which you have to decide whether or not you want to return a purchase;
- 4) How soon you will get your money back when you return a purchase;
- 5) The manner in which a product has to be sent back in case of withdrawal (e.g. parcel post, bring to a local store);
- 6) Whether or not you have to pay shipping cost in case of withdrawal;

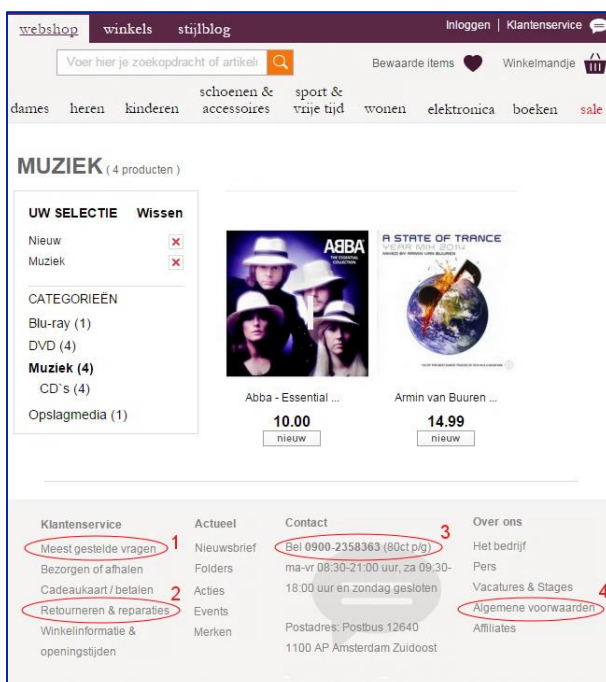
- 7) The warranty period: the period in which you have a warrant on the product;
- 8) The conditions regarding the warrant (e.g. what is covered by the warrant and what not, being entitled to a repair versus a new product, etc.);
- 9) The payment options (e.g. credit card, online bank transfer, PayPal, money transfer, postpay);
- 10) The privacy stipulation (e.g. what does the online store use my personal data for);
- 11) The complaints procedure (e.g. how can you file a complaint).

**q4.** Please imagine that you found a pair of shoes in an online store that you consider to buy. The online store is relatively unknown and you never made a purchase there before. You browsed the internet to see if you can buy them somewhere else, but they are all sold out. Therefore, you seriously consider to buy the shoes at this online store. To what extent would you be inclined to look for information about the conditions regarding this purchase?

*Please choose the position that applies best.*

- 1) I would spend hardly any time or no time at all looking for this information, because the terms are generally the same in all online stores;
- 2) I would spend hardly any time or no time at all looking for this information, because I trust that the terms that online stores dictate are not unfair;
- 3) I would spend hardly any time or no time at all looking for this information, because I am well aware of my consumer rights and I know how to take action in case of an issue;
- 4) I would spend hardly any time or no time at all looking for this information, but I would check if the online store has a trust mark (such as the Thuiswinkel Waarborg mark);
- 5) I would spend hardly any time or no time at all looking for this information, because ... (other reason);
- 6) I would spend a considerable amount of time or a lot of time looking for this information.

**q5.** Below you find an image of an online store. How would you look for the information that you just have indicated to be important to you? *You can choose a maximum of four locations, these are circled in red and numbered. Multiple answers are possible.*





1. I would look for this information at "Meest gestelde vragen" (or "Frequently Asked Questions") (see "1");
2. I would check if the homepage contains direct links to the information I am looking for (e.g. see "2") and click on those;
3. I would contact the online store by calling or e-mailing customer services (see "3");
4. I would look for this information in the "Algemene voorwaarden" ["Terms and conditions"] before I would start the actual ordering procedure (see "4");
5. I would look for this information in the "Algemene voorwaarden" ["Terms and conditions"] that are presented to you at the end of the ordering procedure. (You have to agree to the terms and conditions to place an order);
6. Other answer, namely ...

if q2=1 or q2=2

**q6.** You indicated that you sometimes make a purchase at well-known Dutch online stores. Please take a well-known Dutch online store in mind at which you have made one or more purchase(s) in the past year.

*On a scale from (1) not at all knowledgeable to (5) very knowledgeable...*

- a) How knowledgeable are you when it comes to the amount of the delivery costs this online store charges?
- b) How knowledgeable are you when it comes to the withdrawal period of this online store (i.e. what is the period in which you may return a purchase)?
- c) How knowledgeable are you about what has to be done when your purchase does not arrive with you within the dictated delivery period?

**q7.** Did you ever regret not reading the terms and conditions thoroughly after you made a purchase (for example regarding the delivery, payment, withdrawal period, warranties)?

And if so, could you describe this situation?

- 1) Yes
- 2) No

if q7=1

**q7b** [textbox]

Quiz questions

We will now ask you some questions about your consumer rights.

*[NOTE: Here we randomly split the sample into Group 1 and Group 2. Group 1 receives different quiz questions than Group 2.]*

### **Group 1**

**q8.** Please imagine that you have bought a sweater in an online store. You only tried the sweater on for a bit and the tags are still on. What are your rights when you come to regret purchasing this sweater?

- 1) The online store does not have to take the sweater back;
- 2) The online store has to take the sweater back if the withdrawal period of 7 days did not yet expire;
- 3) The online store has to take the sweater back if the withdrawal period of 14 days did not yet expire;
- 4) The online store has to take the sweater back if the withdrawal period of 30 days did not yet expire.

**q9.** Please imagine that you bought a new refrigerator online. The refrigerator has a 12 month manufacturing warranty. After almost two years the motor of the refrigerator breaks down. You can prove that you have always used the refrigerator in a proper way. What are your rights in this situation?

- a) The period of the manufacturing warranty has expired and you are not entitled to a free repair or a new refrigerator;
- b) The online store has to offer a free repair or a new refrigerator. If you have to pay extra, you may dissolve the purchase agreement. In this case the refrigerator has to be returned to the online store and you will be reimbursed (partly);
- c) The online store has to check whether a repair is possible. Since the manufacturing warranty expired, you will have to pay for the repair yourself;
- d) The online store has to redirect you to the manufacturer. The manufacturer will decide whether a repair is possible or whether the refrigerator has to be replaced by a new one. Since the manufacturing warranty expired, you will have to pay part of the costs of the repair yourself.

**q10.** Please imagine that you ordered a book in an online store. The book has never been delivered to you because the parcel got lost. This means you did not sign for receipt. What are your rights in this situation?

- a) The online store is not responsible for the lost parcel and does not have to reimburse you;
- b) The online store is not responsible but has to redirect you to the parcel post office. The parcel post office has to reimburse you for the lost book;
- c) The online store is responsible and has to reimburse you, or send you a new book;
- d) The online store is responsible and has to reimburse you, or send you a new book, unless their terms and conditions explicitly say they are not liable for lost parcels.

## **Group 2**

**q11.** Please imagine that you have bought a sweater in an online store. The sweater was on sale with 50% off the original price. You only tried the sweater on for a bit and the tags are still on. What are your rights when you regret purchasing this sweater?

- a) The online store does not have to take the sweater back;
- b) The online store has to take the sweater back, but does not have to reimburse you; the online store may let you choose a different product for the amount you are credited for;
- c) The online store has to take the sweater back, but does not have to reimburse you; the online store may give you a coupon for the amount you are credited for;
- d) The online store has to take the sweater back and is obliged to reimburse you.

**q12.** Please imagine that you ordered a new clock online. You paid for the clock through online banking. On the website it does not say what the maximum delivery period of the clock is. Three weeks later you still did not receive the clock. What are your rights in this situation?

- 1) If the online store did not provide information about the maximum delivery period, a legal maximum delivery period of 30 days applies. Thus, the online store still has more than a week to deliver the clock to you;
- 2) Since the online store did not provide a maximum delivery period, you cannot call the online store to account for this. You should have come to an agreement on the maximum delivery period before you made the purchase;
- 3) Since the online store did not provide a maximum delivery period, you cannot call the online store to account for this. You can still contact the online store to come to an agreement on the maximum delivery period. If the online store

does not honor this agreement you have the right to dissolve the purchase without any charges;

- 4) Online stores are legally obliged to provide the maximum delivery period. In this case the online store did not meet this obligation and you have the right to dissolve the purchase without any charges.

**q13.** You want to order some products at an online store selling home appliances, such as a waste bin, an ironing board, and a laundry basket. You have taken beforehand into account that you might return part of or the entire order if you are not satisfied with it. Since these are sizable products, the order cannot be returned through regular postal services; it has to be returned through parcel post. What are the obligations of the online store in this situation?

- 1) The online store has to pay for the costs of the return shipment, unless before the purchase the online store explicitly stated that the customer has to pay for these costs and provided an estimation of these costs;
- 2) The online store has to pay for the costs of the return shipment, unless before the purchase the online store explicitly stated that the customer has to pay for these costs. The online store does not have to provide you with an estimation of these costs;
- 3) You have to pay for the return shipment yourself, unless the online store indicated that you can return your purchase without any costs;
- 4) You have to pay for the return shipment yourself if you return the entire order. If you return one or more products from your order, the online store has to pay for the return shipment.

## Appendix C. Preliminary study 2

### **Part 1: The use of quality indicators to assess the reliability of T&Cs**

#### Introduction (screen 1)

Welcome.

This questionnaire is about purchasing behaviour and consists of three parts. The first part of the questionnaire is about purchases in online stores. We are interested in your evaluation of the trustworthiness of various types of online stores, even if you usually do not buy online. The second part is about potential problems that you might have experienced after making a purchase in an online store or in a traditional store. In the third and final part, some general questions will be asked about you and your purchasing behaviour.

#### Instructions (screen 2)

This first part is about purchases in online stores and from other online providers.

If you buy a good or service online, terms and conditions typically apply. The terms and conditions are rules that apply to that particular purchase, such as rules with respect to the delivery and delivery period, payment, guarantee and the possibility to return your purchase.

Sellers are not allowed to apply terms and conditions that are unfair for consumers. A term may be unfair if it is disadvantageous for you, but advantageous for the seller. Sellers are for instance not allowed to put in the terms and conditions that they have no liability if the product turns out to be defective (this means that the product does not live up to what can be reasonably expected by the consumer). Also, sellers are not allowed to deviate from legal rules; for example, they are not allowed to use a shorter withdrawal period than the minimum withdrawal period consumers are entitled to by law.

#### Instructions (screen 3)

Imagine that you are planning on taking a short weekend trip. You are searching online for a nice hotel to spend the night. Also, you would like to buy some new clothes to bring with you.

Next, you will see eight websites. These are hotel booking sites as well as online clothing stores. Imagine that you really intend to book a hotel stay and buy clothes. Please indicate for each of the websites if you would consider making a purchase on that particular website or in that particular online store. For each website, we also ask you to indicate how you would estimate the probability that there are unfair terms in the specific online store's terms and conditions.

*[In this part of the survey, respondents shall be exposed to eight website images. Different groups of respondents are exposed to different sets of images. The order in which the website images are presented to respondents is randomized.]*

#### (Screen 5)

Please click on the image below to see the enlarged version.

<website image 1>

1. Imagine that you are interested in [purchasing clothes/booking a hotel stay]. Would you consider [buying clothes at this online store/booking a hotel stay with this online provider]?

1 Certainly not – 7 Certainly so

2. How would you estimate the probability that there are unfair terms in the terms and conditions of this online store or provider?

1 Very small – 7 Very large

(Screen 6)

<website image 2>

1. Imagine that you are interested in [purchasing clothes/booking a hotel stay]. Would you consider [buying clothes at this online store/booking a hotel stay with this online provider]?

1 Certainly not – 7 Certainly so

2. How would you estimate the probability that there are unfair terms in the terms and conditions of this online store or provider?

1 Very small – 7 Very large

Etcetera.

**Part 2: Negative consequences of not being sufficiently informed about consumer rights and obligations (consumer harm/detriment)**

*Instructions (screen 1)*

This is the second part of the questionnaire. This part is about online as well as offline purchases. With "offline purchases" we mean purchases that are not made via the Internet, such as purchases in a traditional store, by mail or a telephone order, or concluded at the doorstep.

*Instructions (screen 2)*

If you buy a good or service, terms and conditions often apply. Terms and conditions are often referred to as "small print".

**We are interested in whether you, in the past twelve months, have experienced a problem after purchasing goods or services that you think could have been avoided if you had been more aware of certain terms and conditions before you made the purchase.**

Below you find a list of topics that you regularly encounter in the terms and conditions that may help you remember whether you have experienced such a situation. For each topic, some examples are provided. Note that the list of topics is not necessarily exhaustive; other topics may be elaborated on in the terms and conditions as well. Please take your time to read the information in the table below to get a good understanding of the topics regularly encountered in the terms and conditions.

Terms and conditions regarding:	
1. <u>Payment</u>	E.g. payment options (e.g. creditcard, instant transfer from your bank account, Paypal) and fees associated with choosing a certain option, deadline for payment, penalty fees (if you don't fulfil one of your contractual obligations).
2. <u>Delivery</u>	E.g. shipping costs (if you have to pay them), delivery period.
3. <u>Returns</u>	E.g. the withdrawal period (the period in which you have to decide whether or not you keep your purchase), the manner in which you can return your purchase (e.g. with parcel post or via a local store or returning point), withdrawal costs (cost of shipping the goods back).
4. <u>Guarantee</u>	E.g. confirmation of your legal guarantee (you have a right to free of charge repair or replacement of a defective good), conditions of other guarantees (Who offers them? What extra rights do they give you? Do you need to pay for them?), conditions of after-sale services (Who do you contact to receive after-sale services? What after-sale services are offered?).
5. <u>Contract termination</u>	E.g. conditions for termination (when do you have to give notice for the contract to be terminated? What rights and obligations do you have in case of the termination of the contract?).
6. <u>Liability</u>	E.g. liability limitation (circumstances under which the trader excludes or limits his liability and to what extent), burden of proof (facts you need to prove to claim remedies), notification duty (when do you need to submit a claim for remedies in order not to lose your right to claim them?).
7. <u>Complaints</u>	E.g. contact details for submitting complaints (phone number and/or (e-mail) address to which you can address your complaints), response time to complaints.
8. <u>Dispute resolution</u>	E.g. court jurisdiction (court in which legal proceedings may be started in case of a dispute between the parties); applicable law (legal provisions that will be applicable to solving the dispute between the parties); arbitration possibilities (whether arbitrator must be first consulted before (or instead of) a case is brought to court).

(Screen 3)

1. In the past twelve months, have you encountered a situation in which you made a purchase without sufficiently knowing the terms and conditions that applied to that purchase, and experienced problems because of that? *This could relate to the purchase of products (such as a washing machine or clothing) or services (such as a gym subscription or a hotel booking). It doesn't matter what type of product or service the problem relates to or where you bought it (online or offline), but it must be a problem that you could have avoided if you had known the content of the terms and conditions prior to the purchase. To help your memory, you can click here to re-examine the topics that you regularly encounter in the terms and conditions.*

1 Yes

2 No / don't know

[If "Yes" → Go to question 5]

[If "No / don't know" → Go to question 4]

(Screen 4)

2. To further help you remember whether you have experienced problems due to insufficient knowledge of the terms and conditions in the past 12 months, the problem situation is described in more detail below.

Perhaps you made a purchase without sufficiently knowing the terms and conditions that applied to that purchase and after the purchase you experienced a problem. When looking up the relevant information, you found out that particular terms and conditions that applied to your purchase were not as expected and you regretted the fact that you were not better informed prior to the purchase. If you had been more aware of certain terms and conditions, you probably would have made a different decision, for example, to buy the product or service somewhere else.

1. I am sure that I did not experience such a problem in the past 12 months;
2. I am not sure, but can't remember having experienced such a problem in the past 12 months;
3. I do remember now having experienced such a problem in the past 12 months.

*[If "I am sure" OR "I am not sure, but can't remember" → Go to question 15 (Part 3)]*

*[If "I do remember now" → Go to question 5 (Part 2)]*

(Screen 4)

The following questions are about the situation in which you made a purchase without sufficiently knowing the terms and conditions that applied to that purchase and the problems that you have experienced because of that. In case you have faced problems with multiple purchases in the past twelve months, please think about the problem that caused the largest financial and/or non-financial harm to you.

First, we will ask you some general questions about the purchase you experienced problems with. Then, we will ask you to describe the problem in as much detail as possible.

(Screen 5)

3. What type of purchase did you experience a problem with? Please select the category that best fits the purchase.
  1. Electronic equipment (e.g. computer hardware, phone, camera);
  2. Household appliances (e.g. washing machine, vacuum cleaner);
  3. Clothing and sports equipment;
  4. Internet, telecom, television and postal services;
  5. Home and garden (e.g. furniture, accessories);
  6. Travel and holiday accommodation;
  7. Transport;
  8. Health and well-being;
  9. Financial and insurance services;
  10. Energy;
  11. Food;
  12. Entertainment (e.g. films, music, books/magazines, tickets for events, computer games);
  13. Other, please specify: \_\_\_\_\_.

(Screen 6)

4. Where did you buy the product/service?
  1. [Dutch/Polish] online store;



2. [Dutch/Polish] traditional store;
3. Online store abroad;
4. Traditional store abroad;
5. Via mail order, telephone order, or TV shopping channel;
6. At the doorstep or from a salesman visiting your home;
7. Other, please specify: \_\_\_\_\_.

(Screen 7)

5. Below, you find again the list of topics that you regularly encounter in the terms and conditions. Which topic did your problem relate to? *Please select the topic your problem most closely related to.*

1. Payment;
2. Delivery;
3. Returns;
4. Guarantee;
5. Contract termination;
6. Liability;
7. Complaints;
8. Dispute resolution;
9. Other, please specify: \_\_\_\_\_.

(Screen 8)

6. What was the purchase amount?

*[For the Netherlands]*

- 1 0 to 49 euros
- 2 50 to 99 euros
- 3 100 to 499 euros
- 4 500 to 999 euros
- 5 1000 euros or more
- 6 I don't know

*[For Poland]*

- 1 0 to 199 zloty
- 2 200 to 399 zloty
- 3 400 to 1999 zloty
- 4 2000 to 3999 zloty
- 5 4000 zloty or more
- 6 I don't know

(Screen 9)

7. You indicated that you made a purchase without sufficiently knowing the terms and conditions that applied to that purchase. After the purchase, you found out that particular terms and conditions were different from what you expected them to be when you made the purchase. You indicated that you experienced a problem related to [insert answer to Q7]. Could you please describe in as much detail as possible the specific problem that you have experienced?

*Open-ended question*

(Screen 10)

8. To what extent did you blame yourself or the seller for the problem you've experienced? Please select the answer that best matches your experience of the situation.

- 1 I considered it (mainly) my own fault; I should have informed myself (better) about the terms and conditions before making the purchase;
- 2 I considered it (mainly) the seller's fault; I felt that the terms and conditions were unfair and that I was completely within my rights.

9. If a problem arises after a purchase, consumers may decide to take action, for instance by going back to the seller to complain, by posting a message on a forum, by filing a complaint with a neutral third party such as a consumers' association, or by starting a legal procedure. Did you feel like it would be worthwhile to take action to solve your problem?

- 1 No, the problem was not serious enough in view of the good's/service's low price or low importance of the relevant term/condition;
- 2 Yes, the problem was serious enough, but I didn't take action (e.g. due to time/money constraints, fear to lose my good relationship with the seller);
- 3 Yes, the problem was serious enough and I took action.

(Screen 11)

The problem that you have experienced may have caused you various types of financial or non-financial harm, e.g. in terms of money, time, and emotional involvement. The next questions are about the harm that the problem has caused to you.

10. What kind of costs has the problem caused to you? *Multiple answers possible*

- 1 Costs of contacting the seller (e.g., travel costs, telephone costs);
- 2 Costs of getting legal or other type of expert advice or assistance;
- 3 Costs incurred as a result of the inability to make use of the product or service you experienced a problem with (e.g. the cost of repairs, the cost of a replacement/substitute product or alternative service);
- 4 Costs of any consequential damage or inconvenience caused to you or your possessions as a result of the problem (e.g. medical bills if the defective product caused you harm; costs of replacing other products damaged by the defective product);
- 5 Costs incurred as a result of over-payment that has not as yet been reimbursed;
- 6 Lost earnings (i.e. not being able to work while taking time to resolve the problem);
- 7 Any other costs not already covered, please specify: \_\_\_\_\_.

11. How much time did you spend in total trying to resolve the problem?

- 1 One day or less
- 2 More than one day

12. During the period of the problem taking place, to what extent have you felt...?

Under stress

Angry

- 1 A great deal
- 2 A fair amount
- 3 A little
- 4 Not at all
- 5 Cannot say

### **Part 3: Consumer characteristics (7 questions)**

#### (Introduction: screen 1)

In this third and final part of the survey, we would like to ask you some questions about you and your purchasing behaviour.

#### (Screen 2)

13. In the past twelve months, did you make any purchases online (i.e. through the Internet)?

- 1 No, never
- 2 Yes, sometimes
- 3 Yes, regularly
- 4 Yes, often

*[If answer on question 13 is not "no, never":]*

14. If you purchase the following goods or services, how often do you buy them online?

- 1) Groceries (e.g. food and drinks, cleaning products);
- 2) Clothing;
- 3) Electronic equipment (e.g. computer hardware, phone, camera);
- 4) Household appliances (e.g. washing machine, vacuum cleaner);
- 5) Travel and holiday accommodation.

- 1 Never buy this online
- 2 Sometimes buy this online
- 3 Often buy this online
- 4 Always buy this online
- 5 I never buy this good/service

*[If answer on question 13 is not "no, never":]*

15. In the past 12 months, have you purchased any goods or services online from a seller/provider outside your own country?

- 1 Yes
- 2 No

#### (Screen 3)

16. Below are a number of statements. Please indicate the extent to which you agree or disagree with each of these statements.

- More often than I would like, I end up buying something I don't want because I have a hard time saying no to the salesperson. (reversed item);
- I sometimes don't get all the information I need about a product because I am uncomfortable bothering salespeople with questions. (reversed item);
- I am probably more likely to return an unsatisfactory product than most people I know.

1 Completely disagree – 5 Completely agree

#### (Screen 4)

We will now ask you some questions about your rights as a consumer.

17. Please imagine that you ordered a book in an online store. The book has never been delivered to you because the parcel got lost. This means you did not sign for receipt. What are your rights in this situation?
- The online store is not responsible for the lost parcel and does not have to reimburse you;
  - The online store is not responsible but has to redirect you to the parcel post office. The parcel post office has to reimburse you for the lost book;
  - The online store is responsible and has to reimburse you, or send you a new book;
  - The online store is responsible and has to reimburse you, or send you a new book, unless their terms and conditions explicitly say they are not liable for lost parcels.
18. Please imagine that you have bought a sweater in an online store. The sweater was on sale with 50% off the original price. You only tried the sweater on for a bit and the tags are still on. What are your rights when you regret purchasing this sweater?
- The online store does not have to take the sweater back;
  - The online store has to take the sweater back, but does not have to reimburse you; the online store may let you choose a different product for the amount you are credited for;
  - The online store has to take the sweater back, but does not have to reimburse you; the online store may give you a coupon for the amount you are credited for;
  - The online store has to take the sweater back and is obliged to reimburse you.
19. Please imagine that you bought a new refrigerator online. The refrigerator has a 12 month manufacturing warranty. After almost two years the motor of the refrigerator breaks down. You can prove that you have always used the refrigerator in a proper way. What are your rights in this situation?
- The period of the manufacturing warranty has expired and you are not entitled to a free repair or a new refrigerator;
  - The online store has to offer a free repair or a new refrigerator. If you have to pay extra, you may terminate the purchase agreement. In this case the refrigerator has to be returned to the online store and you will be reimbursed (partly);
  - The online store has to check whether a repair is possible. Since the manufacturing warranty expired, you will have to pay for the repair yourself;
  - The online store has to redirect you to the manufacturer. The manufacturer will decide whether a repair is possible or whether the refrigerator has to be replaced by a new one. Since the manufacturing warranty expired, you will have to pay part of the costs of the repair yourself.

(Screen 5)

Finally, we ask you some general questions about yourself.

20. Generally speaking, would you say that most people can be trusted, or that you can't be too careful when dealing with people?

1 You can't be too careful – 10 Most people can be trusted.

Don't know

21. If you think about your household finances on the whole, how easy or difficult is it for you to make ends meet?

1) Very easy – 5 very difficult

22. How familiar or unfamiliar are you with the following (brand) names?

*[for the Netherlands]*

- 1) Bonprix;
- 2) ASOS;
- 3) Booking.com;
- 4) Lonely Planet;
- 5) Professor M. Loos (professor consumentenrecht);
- 6) Consumentenbond;
- 7) BCA (British Consumers' Association);
- 8) ConsumerEurope (European Consumer Organisation).

*[for Poland]*

- 1) Bonprix;
- 2) ASOS;
- 3) Booking.com;
- 4) Lonely Planet;
- 5) <name of the Polish professor> (profesor prawa konsumenckiego);
- 6) Federacja Konsumentów;
- 7) BCA (British Consumers' Association);
- 8) ConsumerEurope (European Consumer Organisation).

Not at all familiar 1 – very familiar 5

(Screen 6)

Gender

Age (in years)

Highest level of education

## Appendix D. Main study

### **Part A: Introduction + instructions**

#### *Introduction (screen 1)*

Welcome.

This questionnaire is about buying clothes in online stores. In this questionnaire, you will do some virtual shopping in several online clothing stores. Even if this is not your favourite activity, we would appreciate your participation. It is important for the research that diverse groups of people complete this questionnaire. Thank you for participating!

#### *Instructions (screen 2 / 3)*

In a moment, you will visit two online clothing stores. Before you visit the store, you will read what exactly you are looking for. Please try to imagine as vividly as possible that you are in that situation and are truly looking for the garment we mention.

You will click through all the steps you usually go through from entering your personal details to confirming the order, except for the payment. For some participants, the purchase will be "real", meaning that they will receive an equivalent of the purchased product as an additional reward. You will receive more information about this at the end of the questionnaire. Importantly, none of the participants will have to actually pay for the purchase. Moreover, the personal details that you enter on the website will not be stored, and so, the answers you provide on the questionnaire will be anonymous.

*If country is NOT UK, the following text is added:*

Some parts in the questionnaire will contain English. If you do not speak English AT ALL, please indicate this by clicking on the button below.

<"I do not speak English AT ALL" button.>

*If participants click on this button, they skip the foreign part in part B or C.*

### **Part B: Purchasing task with free exposure to T&Cs in mock online store**

#### *Instructions (screen 4)*

Please imagine that you are looking for new jeans online. Through a search engine, you find a[n] [foreign] [Irish] online clothing store that sells the jeans you were looking for. You place the jeans in your online shopping basket and you are about to actually order the jeans.

*If the website is foreign, the text "foreign" is included as shown above.*

*If the website is foreign and the UK version, Irish is also added, so it reads like: "you find a foreign, Irish, online clothing store".*

In a moment, you will visit the web page of the online clothing store, on which you will see your shopping basket with the jeans. It is, of course, possible that you do not like the specific jeans. In that case, we would like to ask you to imagine that you do like these jeans.

Next, you will go through the ordering process. Please go through this process as you would if you were truly considering buying clothes in this online store. This means that you also have the possibility to discontinue the purchase. However, if you do continue the purchase, you will NOT have to actually pay for it. Importantly, the personal details that you provide will be deleted at the end of the study, and can therefore NOT be used for other purposes.

When you have read and understood these instructions, please click on "Continue" to go to the online store.

*(Screen 5)*

*<participants visit dynamic website 1 (Glamori)>*

Unobtrusive measures:

- Does the respondent click to access the T&Cs? (Y/N);
- If the respondent opens the T&Cs, how much time does (s)he spend on the T&Cs? (in seconds);
- Does the respondent accept the T&Cs (Y/N);
- Does the respondent cancel the purchase? (Y/N).

*(Screen 6)*

*The following question is only for participants who did not finish their order (clicked "cancel order" in the online store)*

**Q1.** What was your reason for cancelling the order? (multiple answers possible)

- 1 I was not interested in buying the jeans;
- 2 I did not want to disclose my personal details;
- 3 I did not accept the terms and conditions of Glamori;
- 4 I was worried that I would have to pay for the purchase;
- 5 Other reason, please specify: \_\_\_\_\_.

*Note: allow for multiple answers.*

*If Q1 = 3 ("I did not accept the terms and conditions"):*

**Q1\_b** Please specify why you did not accept the terms and conditions:

---

*(Screen 7)*

*The next questions are for all participants.*

You have just shopped in the online online store "Glamori". We will ask you some questions about the ordering process of this online store.

When purchasing clothes in the online clothing store "Glamori", general terms and conditions apply.

**Q2.** How would you estimate the probability that there are terms that you would consider unfair in the terms and conditions of this online clothing store?

1 Very low – 7 Very high



(Screen 8)

**Q3.** To what extent do you think the online seller "Glamori" can be trusted?

1 Not at all – 7 Completely

**Part C: Purchasing task with default exposure to T&Cs in mock online store**

*Instructions (screen 9)*

Please imagine you are looking for a new jacket and decide to search online. Through a search engine, you find a[n] [foreign] [Irish] online clothing store that sells the exact jacket you were looking for. You place the jacket in your online shopping basket and are about to actually order the jacket.

*If the website is foreign, the text "foreign" is included as shown above.*

*If the website is foreign and the UK version, Irish is also added, so it reads like: "you find a foreign, Irish, online clothing store".*

In a moment, you will visit the web page of the online clothing store and see the jacket in your shopping basket. If you do not like the jacket, please imagine that you do like it.

Next, you will go through the ordering process, just as you did in the previous part. Again, please do everything as you would if you were truly considering buying clothes in this online store. This means that you also have the possibility to discontinue the purchase. However, if you do continue the purchase, you will of course NOT have to actually pay for it. The personal details that you provide will be deleted at the end of the study.

When you have read and understood these instructions, please click on "Continue" to go to the online store.

(Screen 10)

<participants visit dynamic website 2 (NovaTrend)>

Unobtrusive measures:

How much time does the respondent spend on the T&Cs? (in seconds)

Does the respondent accept the T&Cs? (Y/N)

Does the respondent cancel the purchase? (Y/N)

(Screen 11)

*The following question is only for participants who did not finish their order (clicked "cancel order" in the online store).*

**Q4.** What was your reason for cancelling the order? (multiple answers possible)

- 1 I was not interested in buying the jacket;
- 2 I did not want to disclose my personal details;
- 3 I did not accept the terms and conditions of NovaTrend;
- 4 I was worried that I would have to pay for the purchase;
- 5 Other reason, please specify: \_\_\_\_\_.

*If Q4 = 3 ("I did not accept the terms and conditions"):*

**Q4\_b** Open question: Please specify why you did not accept the terms and conditions:

---

*(Screen 12)*

*The next question is for all participants.*

We would like to ask you some questions on the terms and conditions of this online store ("NovaTrend").

**Q5.** To what extent did you read the terms and conditions?

- 1 I did not read the terms and conditions at all;
- 2 I scanned through the terms and conditions or read some part but less than half;
- 3 I read more than half of the terms and conditions but not all;
- 4 I read all the terms and conditions.

*(Screen 13)*

*If Q5 ≠ 1 (not having read the T&Cs at all):*

**Q6.** How easy or difficult did you think the terms and conditions were to comprehend?

- 1 Very easy – 7 Very difficult

*For all participants:*

**Q7.** How short or long did you think the terms and conditions were?

- 1 Very short – 7 Very long

*(Screen 14)*

**Q8.** Please indicate for each statement whether you think it is true or false.

1.	The order will be processed within 1 day after receipt thereof.	True / False
2.	The period for cancelling your order is longer than 7 days.	True / False
3.	No delivery costs will be charged.	True / False
4.	The contract is governed by the law applicable in my country.	True / False

*(Screen 15)*

**Q9.** How would you estimate the probability that there are terms that you would consider unfair in the terms and conditions of this online clothing store?

- 1 Very low – 7 Very high

*(Screen 16)*

*The following five questions if Q5 ≠ 1 (not having read the T&Cs at all):*

**Q10.** To what extent do you miss relevant information in the terms and conditions?

- 1 Not at all – 7 Completely

**Q11.** To what extent are you satisfied with the content of the terms and conditions?

- 1 Not at all – 7 Completely

**Q12.** To what extent did you feel frustrated while reading the terms and conditions?

1 Not at all – 7 Completely

**Q13.** I consider reading the terms and conditions...

1 A complete waste of my time – 7 Completely worth my time

**Q14.** To what extent did reading the terms and conditions influence your decision to purchase or not purchase the jacket?

1 Not at all – 7 Completely

**Part D: Trust judgments**

*Instructions Part D (screen 17)*

Imagine that you are planning to buy some more clothes. Next, you will see two websites, both clothing stores. Please indicate for each of the websites how you would estimate the probability that there are unfair terms in the specific store's terms and conditions. For each website, we also ask you to indicate whether you would consider making a purchase on that particular website or in that particular online store.

You will be able to enlarge the images of the websites by clicking on the image. It is important to view the enlarged version of the image before you answer the questions.

*(Screen 18)*

Please click on the image below to see the enlarged version.

*<website image 1>*

**Q15.** Imagine that you are interested in purchasing clothes. Would you consider buying clothes at this online store?

1 Certainly not – 7 Certainly so

**Q16.** How would you estimate the probability that there are terms that you would consider unfair in the terms and conditions of this online store?

1 Very low – 7 Very high

*(Screen 19)*

Please click on the image below to see the enlarged version.

*<website image 2>*

**Q17.** Imagine that you are interested in purchasing clothes. Would you consider buying clothes at this online store?

1 Certainly not – 7 Certainly so

**Q18.** How would you estimate the probability that there are terms that you would consider unfair in the terms and conditions of this online store?

1 Very low – 7 Very high

**Part E: Post-experiment questionnaire**

(Screen 20)

We would like to ask you some final questions.

**Q19.** How familiar were you with the following online stores before completing this questionnaire?

- 1) Glamori;
- 2) NovaTrend;
- 3) Bonprix;
- 4) ASOS;
- 5) Trendaro;
- 6) Mimoda.

*For each online store:*

1 Not at all familiar – 7 Completely familiar

(Screen 21)

**Q20.** How familiar were you with the following consumer organisations before completing this questionnaire?

- 1) XXX [Consumer organisation – own country];
- 2) XXX [Consumer organisation – foreign country; usually UK, but for UK Irish];
- 3) ConsumerEurope [European Consumer Organisation].

*For each organisation:*

1 Not at all familiar – 7 Completely familiar

(Screen 22)

*If participants did not click the "I do not understand English AT ALL button at the start:*

**Q21.** In this questionnaire, you visited one or more English websites. To what extent were you able to understand the English on these websites?

1 Not at all – 7 Completely

*[For the UK, Q21 is: "In this questionnaire, you visited several websites. To what extent were you able to understand the text on these websites?"]*

(Screen 23)

*If participants were in conditions with quality cues in part B and/or part D:*

**Q22.** Below you will see a pictures of an online store you visited in this questionnaire. Please answer the following question.

*<website image; question is asked for B3, B4, D2, D3, and D4>*

This site stated that a consumer organisation [other customers] approved the terms and conditions of this online store. How trustworthy do you consider this endorsement?

1 Not at all – 7 Completely

*(Screen 24)*

**Q23.** Do you consider yourself an expert in the field of consumer law?

- 0 No
- 1 Yes

*(Screen 25)*

Gender

Age

Education

*(Screen 26)*

Debriefing

## **Appendix E: Terms and conditions in the main study**

### **E.1 Terms and conditions in Experiment 1 (part C)**

#### ***Long and complex (C1)***

##### **Terms and Conditions**

For the purchase of our Products, these Terms and Conditions are applicable.

##### 1. Effect of these Terms and Conditions

1.1 These Terms and Conditions shall apply to all orders and contracts made or to be made by us for the sale and supply of products. When you submit an order to us this shall constitute your unqualified acceptance of these Terms and Conditions. Nothing in these Terms and Conditions affects your statutory rights (including the right to insist that goods you buy from businesses must correspond with their description, be fit for their purpose and be of satisfactory quality).

1.2 These Terms and Conditions shall prevail over any separate terms put forward by you. Any conditions that you submit, propose or stipulate in whatever form and at whatever time, whether in writing, by email or orally, are expressly waived and excluded.

1.3 No other terms or changes to the Terms and Conditions shall be binding unless agreed in writing signed by us.

##### 2. How a Contract is formed

2.1 When making an order, you must register for an account on the website and you must follow the instructions on the website as to how to make your order and for making changes to your prospective order before you submit it to the website.

2.2 Irrespective of any previous price you have seen or heard, once you select a product that you wish to order, you will then be shown or told (on the website) the charges you must pay. All prices include VAT. Delivery costs will be added at the final stage of ordering; an indication thereof you will find in our FAQ.

2.3 You shall pay for the product in full at the time of ordering by supplying us with your credit or debit card details from a credit or debit card company acceptable to us.

2.4 When you submit an order to the site, you agree that you do so subject to these Terms and Conditions current at the date you submit your order. You are responsible for reviewing the latest Terms and Conditions each time you submit your order.

2.5 You agree that you will receive invoices and credit notes exclusively in electronic form.

2.6 We will process your order within one week after having received it. Your order remains valid as an offer until we issue our confirmation of order or, if earlier, when we receive your notice revoking your order.

2.7 We shall not be obliged to supply the product to you until we have accepted your order. Unless expressly stating that we accept your order, an email, letter, fax or other acknowledgement of your order by us is purely for information purposes and does not constitute the confirmation of order. In that acknowledgement, we may give you an order reference number and details of the product you have ordered. We may in our discretion refuse to accept an order from you for any reason, including

unavailability of supplies or we may offer you an alternative product (in which case we may require you to re-submit your order first).

2.8 A contract shall be formed and we shall be legally bound to supply the product to you when we accept your order. Acceptance shall take place when we expressly accept your order by email to you, in the form of a document called a "confirmation of order" stating that we are accepting your order. Our confirmation of order shall be deemed to come into effect when it has been dispatched by us. Without affecting your obligation to pay us earlier, we may send an invoice to you at any time after we have accepted your order. Until the time when we accept your order, we reserve the right to refuse to process your order and you reserve the right to cancel your order. If we or you have cancelled your order before we have accepted it, then we will refund within thirty days any payment already made by you or your credit or debit card company to us for the order of the product.

2.9 We try very hard to ensure that the price given to you is accurate, but the price of your order will need to be validated by us as part of our acceptance procedure. If the price for the order changes before we accept your order, we will contact you and ask you to confirm that you wish to proceed at the amended price.

### 3. Payment

3.1 We offer payment by credit or debit card (VISA, Master Card, American Express). However, we reserve the right to offer less than our full range of payment options.

3.2 Invoices, order breakdowns and vouchers shall be provided in electronic form only.

3.3 If you pay by card, your card will be charged on the date your order is dispatched.

### 4. Cancellation by us

4.1 We may cancel a contract if the product is not available for any reason. If this is the case, we will notify you and return any payment that you have made.

4.2 We will usually refund any money received from you, using the same method originally used by you to pay for the product.

### 5. Cancellation by you

5.1. You have the right to withdraw from this contract without giving any reason. The withdrawal period will expire after 14 days from the day on which you acquire, or a third party other than the carrier and indicated by you acquires, physical possession of the last good. To meet the withdrawal deadline, it is sufficient for you to send your communication concerning your exercise of the right of withdrawal before the withdrawal period has expired.

5.2 If you withdraw from this contract, we shall reimburse to you all payments received from you, including the costs of delivery, the amount of which is indicated in our FAQ, and, if you use the provided return documents, the costs of returning the products, without undue delay and in any event not later than 14 days from the day on which we are informed about your decision to withdraw from this contract. We may withhold reimbursement until we have received the goods back or you have supplied evidence of having sent back the goods, whichever is the earliest.

5.3 You shall send back the goods or hand them over to us, without undue delay and in any event not later than 14 days from the day on which you communicate your withdrawal from this contract to us. The deadline is met if you send back the goods before the period of 14 days has expired.



5.4 You are only liable for any diminished value of the goods resulting from the handling other than what is necessary to establish the nature, characteristics and functioning of the goods.

## 6. Faulty Products

### 6.1 We warrant that:

- a) the product will be delivered undamaged in the quantities ordered; and
- b) the product will conform with the manufacturer's latest published instructions as set out on the website or in our product material at the time of your order.

6.2 The product is intended to be used strictly in accordance with the manufacturer's latest published instructions as set out on the site or as on the product itself. It is your responsibility to ensure that you use the product strictly in accordance with those instructions. Failure to do so extinguishes any claim you may have for repair, replacement or return of your money.

6.3 Before delivery, we may make minor adjustments to material, colour, weight, measurements, design and other features to the extent that they are reasonable.

6.4 In order to provide you with any remedies for a faulty product, we may need your assistance and prompt provision of certain information regarding the product, including:

- a) you specifying with reasonable detail the way in which it is alleged that the product is damaged or defective; and
- b) you providing us with the delivery note number and such other information as we reasonably require.

6.5 If you would like us to repair, replace or provide a refund for the product where it did conform to the applicable contract, and we find that the product has:

- a) been misused, abused or subjected to neglect, improper or inadequate care, carelessness, damage or abnormal conditions; or
- b) been involved in any accident or damage caused by an incorrect attempt at modification or repair; or
- c) been dealt with or used contrary to our or the manufacturer's instructions for the product; or
- d) deteriorated through normal wear and tear,

we are not under any obligation to do so.

After delivery by us, we may at our discretion decide not to repair, replace or refund you for the product and/or we may require you to pay all reasonable carriage costs and servicing costs at our current standard fees and costs and charge this to your credit or debit card, or the payment details that you provided to us when you made your order, and, to the extent permitted by law, we shall not be liable to you for any losses, liabilities, costs, damages, charges or expenses as a result.

## 7. Circumstances beyond our control

We shall not be liable to you for any breach, hindrance or delay in the performance of a contract attributable to any cause beyond our reasonable control, including without

limitation any Act of God, actions of third parties (including without limitation hackers, suppliers, governments, quasi-governmental, supra-national or local authorities), insurrection, riot, civil commotion, war, hostilities, warlike operations, national emergencies, terrorism, piracy, arrests, restraints or detentions of any competent authority, strikes or combinations or lock-out of workmen, epidemic, fire, explosion, storm, flood, drought, weather conditions, earthquake, natural disaster, accident, mechanical breakdown, third party software, failure or problems with public utility supplies (including electrical, telecoms or Internet failure), shortage of or inability to obtain supplies, materials, equipment or transportation, regardless of whether the circumstances in question could have been foreseen.

## 8. Limitation of Liability

8.1 This clause prevails over all other clauses and sets forth our entire liability, and your sole and exclusive remedies, for:

- a) the performance, non-performance, purported performance or delay in performance of these Terms and Conditions or a contract or the site (or any part of it or them); or
- b) otherwise in relation to these Terms and Conditions or the entering into or performance of these Terms and Conditions.

8.2 Nothing in these Terms and Conditions shall exclude or limit:

- a) our Liability for (i) fraud; (ii) death or personal injury caused by our breach of duty; (iii) any breach of the obligations implied by existing legislation currently in force; or (iv) any other liability which cannot be excluded or limited by applicable law; or
- b) your statutory rights as a consumer.

8.3 In performing any obligation under these Terms and Conditions, our only duty is to exercise reasonable care and skill.

8.4 Subject to clause 8.2:

- a) we do not warrant and we exclude all liability in respect of the accuracy, completeness, fitness for purpose or legality of any information accessed using the site; and we exclude all liability of any kind for the transmission or the reception of or the failure to transmit or to receive any material of whatever nature; and
- b) you should not rely on any information accessed using the site to make a purchasing decision – you should make your own enquiries before forming your own opinion and taking any action based on any such information.

8.5 Save as provided in clause 8.2, our total liability under any contract shall in no circumstances exceed 110% of the value of the relevant contract under which the cause of action arises.

## 9. Amendment to the Terms and Conditions

We reserve the right to amend these Terms and Conditions at any time. All amendments to these Terms and Conditions will be posted online. However, continued use of the site will be deemed to constitute acceptance of the new Terms and Conditions.

## 10. Applicable law and competent court

These Terms and Conditions shall be governed by the law applicable in the country where we have our main seat. You submit to the exclusive jurisdiction of the courts of that country to settle any dispute which may arise under these Terms and Conditions.

### ***Short and complex (C2)***

#### ***Terms and Conditions***

For the purchase of our products, these Terms and Conditions are applicable.

1. These Terms and Conditions shall apply to all orders and contracts made or to be made by us for the sale and supply of products and prevail over any separate terms put forward by you.

2. We will process your order within one week after having received it. Irrespective of any previous price you have seen or heard, once you select a product that you wish to order, you will then be shown or told (on the website) the charges you must pay. All prices include VAT. Delivery costs will be added at the final stage of ordering; an indication thereof you will find in our FAQ. You shall pay for the product in full at the time of ordering by supplying us with your credit or debit card details from a credit or debit card company acceptable to us.

3. You have the right to withdraw from this contract within fourteen days after having acquired the product without giving any reason. If you withdraw from this contract, we shall reimburse to you all payments received from you, including the costs of delivery, the amount of which is indicated in our FAQ, and, if you use the return documents provided to you, also the costs of returning the product, without undue delay and in any event not later than 14 days from the day on which we are informed about your decision to withdraw from this contract. We may withhold reimbursement until we have received the goods back or you have supplied evidence of having sent back the goods, whichever is the earliest. You shall send back the goods or hand them over to us, without undue delay and in any event not later than 14 days from the day on which you communicate your withdrawal from this contract to us.

4. We warrant that the product will be delivered undamaged in the quantities ordered and that it will conform with the manufacturer's latest published instructions as set out on the website or in our product material at the time of your order. The product is intended to be used strictly in accordance with the manufacturer's latest published instructions as set out on the site or as on the product itself. It is your responsibility to ensure that you use the product strictly in accordance with those instructions. Failure to do so extinguishes any claim you may have for repair, replacement or return of your money.

5. Nothing in these Terms and Conditions shall exclude or limit our liability for fraud, death or personal injury caused by our breach of duty, any breach of the obligations implied by existing legislation currently in force or any other liability which cannot be excluded or limited by applicable law, or your statutory rights as a consumer. We shall not be liable to you for any breach, hindrance or delay in the performance of a contract attributable to any cause beyond our reasonable control. In performing any obligation under these Terms and Conditions, our only duty is to exercise reasonable care and skill. Save as provided in the first sentence of this clause, our total liability under any contract shall in no circumstances exceed, in aggregate, a sum equal to the greater of 110% of the value of the relevant contract under which the cause of action arises.

6. We reserve the right to amend these Terms and Conditions at any time. All amendments to these Terms and Conditions will be posted online. However, continued

use of the site will be deemed to constitute acceptance of the new Terms and Conditions.

7. These Terms and Conditions shall be governed by the law applicable in the country where we have our main seat. You submit to the exclusive jurisdiction of the courts of that country to settle any dispute which may arise under these Terms and Conditions.

### ***Short and simple (C3)***

#### **Terms and Conditions**

For the purchase of our products, these Terms and Conditions are applicable.

1. These Terms and Conditions contain your rights and obligations with regard to the products you purchase with us.

2. We will process your order within one week after having received it. The final price indicated at the order form includes VAT. Delivery costs will be added at the final stage of ordering; an indication thereof you will find in our FAQ. You shall pay for the product in full at the time of ordering by supplying us with your credit or debit card details from a credit or debit card company acceptable to us.

3. You have the right to cancel your order within 14 days after having received the product. You don't have to give us a reason for cancellation. You must then send the product back to us within 14 days after the day on which you have cancelled the contract. We shall reimburse to you all payments received from you, including the costs of delivery, once we have received the goods back or (if this is earlier) you have supplied evidence of having sent back the goods.

4. The product will not be seen as faulty if it matches its description in the manufacturer's latest set of instructions as set out on our website or in the product material supplied together with the products. The product must be used in accordance with these instructions. Read these instructions carefully: if you treat the product differently, you will have no claim for repair, replacement or return of your money if you claim that the product is faulty.

5. If we have caused death or personal injury due to our negligent behavior or fraud, or where we have breached the law or where the law provides that you are entitled to compensation, we will pay such compensation to you. We shall not be liable to you for any loss caused by an event beyond our reasonable control. We will exercise reasonable care and skill towards you. We will not pay more compensation than 110% of the sales price, unless the law requires us to offer a higher amount.

6. We may change the Terms and Conditions at any time. These changes will be posted on our website so ensure that you re-read them frequently. If you continue to use the website you will have accepted the changes also for products purchased earlier.

7. The law of the country where our main office is located is applicable to the contract regarding the products you purchase with us. Only the courts of that country may deal with any dispute that may arise under these Terms and Conditions.

### ***Extremely short and simple (C4)***

#### **Terms and Conditions**

For the purchase of our Products, these Terms and Conditions are applicable.

1. These Terms and Conditions contain all your rights and obligations when you buy our products.

2. We will process your order within one week after having received it. Payment must be made in full when ordering. Delivery costs will be added at the final stage of ordering; an indication thereof you will find in our FAQ.
3. You have the right to cancel your order within 14 days after having received the product. You don't have to give us a reason for cancellation. You must send the product back to us within 14 days after cancellation. We shall reimburse to you all payments received from you, including the costs of delivery, once we have received the goods back or (if this is earlier) you have supplied evidence of having sent back the goods.
4. The product will not be seen as faulty if it matched the description in the manufacturer's latest set of instructions. Read these instructions carefully: if you treat the product differently, you will have no claim for repair, replacement or return of your money if it is faulty.
5. We will be liable for loss caused to you only if the law requires us to pay compensation to you. We will not pay more compensation than 110% of the sales price, unless the law requires us to offer a higher amount.
6. We may change the Terms and Conditions at any time. These changes will be posted on our website so ensure that you re-read them frequently. If you continue to use the website you will have accepted the changes.
7. In case of any dispute that may arise with regard to the product, the law of the country where our company is located applies and only the courts of that country are allowed to hear the case.

## **E.2 Terms and conditions in Experiment 2 (part B)**

### **Terms and Conditions**

For the purchase of our products, these Terms and Conditions are applicable.

1. These Terms and Conditions shall apply to all orders and contracts made or to be made by us for the sale and supply of products and prevail over any separate terms put forward by you.
2. We will process your order within one day after having received it. Irrespective of any previous price you have seen or heard, once you select a product that you wish to order, you will then be shown or told (on the website) the charges you must pay and any applicable delivery charges. All prices include VAT and delivery costs. You shall pay for the product in full at the time of ordering by supplying us with your credit or debit card details from a credit or debit card company acceptable to us.
3. We warrant that the product will be delivered undamaged in the quantities ordered and that it will conform with the manufacturer's latest published instructions as set out on the website or in our product material at the time of your order. The product is intended to be used strictly in accordance with the manufacturer's latest published instructions as set out on the site or as on the product itself. It is your responsibility to ensure that you use the product strictly in accordance with those instructions. Failure to do so extinguishes any claim you may have for repair, replacement or return of your money.
4. You have the right to withdraw from this contract within 30 days after having acquired the product without giving any reason. If you withdraw from this contract, we shall reimburse to you all payments received from you, including the costs of delivery and, if you use the return documents provided to you, also the costs of returning the product, without undue delay and in any event not later than seven days from the day

on which we are informed about your decision to withdraw from this contract. We may withhold reimbursement until we have received the goods back or you have supplied evidence of having sent back the goods, whichever is the earliest. You shall send back the goods or hand them over to us, without undue delay and in any event not later than 14 days from the day on which you communicate your withdrawal from this contract to us.

5. Nothing in these Terms and Conditions shall exclude or limit our liability for fraud, death or personal injury caused by our breach of duty, any breach of the obligations implied by existing legislation currently in force or any other liability which cannot be excluded or limited by applicable law, or your statutory rights as a consumer. We shall not be liable to you for any breach, hindrance or delay in the performance of a contract attributable to any cause beyond our reasonable control. In performing any obligation under these Terms and Conditions, our only duty is to exercise reasonable care and skill. Save as provided in the first sentence of this clause, our total liability under any contract shall in no circumstances exceed, in aggregate, a sum equal to the greater of 110% of the value of the relevant contract under which the cause of action arises.

6. We reserve the right to amend these Terms and Conditions at any time. All amendments to these Terms and Conditions will be posted online. However, continued use of the site will be deemed to constitute acceptance of the new Terms and Conditions.

7. These Terms and Conditions shall be governed by the law applicable in the country where we have our main seat. You submit to the exclusive jurisdiction of the courts of that country to settle any dispute which may arise under these Terms and Conditions.

## Appendix F: Country-specific results in the main study

Appendix F provides country-specific results. It should be noted that statistical power is lower when inspecting results per country than when inspecting overall results, because there are less respondents per cell. This means that results found in the overall model may be less pronounced when inspecting the results per country.

### F.1 Experiment 1 (part C): Increased transparency

In Experiment 1, we inspected the country-specific results for trust in the T&Cs, (subjective and objective) comprehension, and attitude towards the T&Cs (missing relevant information, being satisfied with the content, feeling frustration while reading, indicating that reading is worth the time). We were interested in whether the effects of type of T&C and type of online store were dependent on country. In other words, we examined per outcome measure whether the following interaction effects were significant: type of T&Cs  $\times$  country, type of online store  $\times$  country, type of T&Cs  $\times$  type of online store  $\times$  country. The results are displayed in Table F.1.

**Table F.1 Overall model results with country as an additional factor**

	Type of T&Cs $\times$ country	Type of online store $\times$ country	Type of T&Cs $\times$ type of online store $\times$ country
Trust in T&Cs	$F = 1.14,$ $p = .270$	$F = 0.84,$ $p = .587$	$F = 1.41,$ $p = .068$
Perceived difficulty (subjective comprehension)	$F = 1.36,$ $p = .093$	$F = 0.82,$ $p = .613$	$F = 1.18,$ $p = .225$
Objective comprehension	$F = 1.34,$ $p = .102$	$F = 1.09,$ $p = .363$	$F = 1.13,$ $p = .286$
Missing relevant information	$F = 1.24,$ $p = .168$	$F = 0.45,$ $p = .920$	$F = 0.79,$ $p = .789$
Being satisfied with the content	$F = 0.98,$ $p = .502$	$F = 0.99,$ $p = .449$	$F = 1.16,$ $p = .249$
Feeling frustration while reading	<b><math>F = 1.76,</math></b> <b><math>p = .006</math></b>	$F = 1.26,$ $p = .249$	$F = 0.89,$ $p = .643$
Reading is worth the time	$F = 0.68,$ $p = .522$	$F = 1.34,$ $p = .203$	$F = 1.20,$ $p = .211$

As can be seen in this Table F.1, for all variables except frustration there are no interactions with country, meaning that the effects of type of T&Cs, type of online store, and the type of T&Cs  $\times$  type of online store interaction effect are the same across countries.

Only on frustration did we find an interaction between type of T&Cs and country, indicating that the main effect of type of T&C that was found (with respondents feeling less frustrated the simpler and shorter the T&Cs are) differs across countries. The other two interaction effects are not significant.

To interpret this country difference in the effect of type of T&Cs on frustration, we inspected the effects of type of T&Cs on frustration per country (simple effects). These effects are displayed in Table F.2.



**Table F.2 Country-specific results for the effect of type of T&Cs on frustration**

	<i>F</i>	<i>p</i>
Germany	<b>3.02</b>	<b>.029</b>
Estonia	0.32	.809
Spain	<b>4.78</b>	<b>.003</b>
Finland	<b>12.43</b>	<b>&lt;.001</b>
France	0.74	.529
Italy	<b>6.31</b>	<b>&lt;.001</b>
Netherlands	<b>9.73</b>	<b>&lt;.001</b>
Poland	<b>4.58</b>	<b>.003</b>
Romania	<b>3.23</b>	<b>.021</b>
Sweden	<b>10.18</b>	<b>&lt;.001</b>
Slovenia	<b>8.61</b>	<b>&lt;.001</b>
United Kingdom	<b>12.00</b>	<b>&lt;.001</b>

The main effect of type of T&Cs on frustration is significant for all countries, except for Estonia and France, causing the interaction effect. Note that this only occurs on frustration; on all other attitude measures, there are no country differences.

## F.2 Experiment 2 (part B): Effortless awareness

In Experiment 2, we inspected the country-specific results for trust in the T&Cs, trust in the seller, and trust in the cue. We were interested in whether the effects of quality cue and type of online store were dependent on country. In other words, we examined per outcome measure whether the following interaction effects were significant: quality cue × country, type of online store × country, quality cue × type of online store × country. The results are displayed in Table F.3.

**Table F.3 Overall model results with country as an additional factor**

	Quality cue × country	Type of online store × country	Quality cue × type of online store × country
Trust in T&Cs	<i>F</i> = 1.40 <i>p</i> = .070	<b><i>F</i> = 2.07,</b> <b><i>p</i> = .024</b>	<i>F</i> = 1.08, <i>p</i> = .347
Trust in seller	<i>F</i> = 0.96, <i>p</i> = .527	<i>F</i> = 0.91, <i>p</i> = .520	<i>F</i> = 1.01, <i>p</i> = .458
Trust in cue	<i>F</i> = 0.94, <i>p</i> = .495	<i>F</i> = 1.44, <i>p</i> = .158	<i>F</i> = 1.16, <i>p</i> = .311

Country only significantly affects the effect of type of online store on trust in the T&Cs. As discussed in the results chapter, overall, there is no effect of type of online store on trust in the T&Cs in this experiment. The interaction effect is caused by the finding that there is a significant effect in Romania, in which – surprisingly – the T&Cs on foreign online stores were trusted more (mean: 5.06) than those on domestic online stores (mean: 4.73) (*F* = 11.38, *p* = .001). In all other countries, the effect is not significant, *ps* < .10.

To be consistent with the results we displayed in the results chapter, we did make the country-specific results table (Table F.4) for the three trust measures. However, keep in mind that in the overall model, the effects do not differ across countries, except for the type of online store effect on trust in the T&Cs.

**Table F.4 Country-specific results**

Country	Type of online store		<i>p</i>	Quality cue			
				No cue (control)	Reading cost cue	National CO endors.	European CO endors.
Germany	Domestic	<i>Trust in T&amp;Cs</i>	<b>.048</b>	4.05	3.86	4.24	3.74
		<i>Trust in seller</i>	.967	4.22	4.16	4.23	4.17
		<i>Trust in cue</i>	.469	NA	NA	4.14	4.01
	Foreign	<i>Trust in T&amp;Cs</i>	.776	3.86	4.07	3.91	3.90
		<i>Trust in seller</i>	.702	4.14	4.28	4.20	4.07
		<i>Trust in cue</i>	.062	NA	NA	4.06	4.49
Estonia	Domestic	<i>Trust in T&amp;Cs</i>	.203	4.32	<b>4.65*</b>	<b>4.69*</b>	4.61
		<i>Trust in seller</i>	.086	3.97	<b>4.36**</b>	4.10	<b>4.25*</b>
		<i>Trust in cue</i>	.513	NA	NA	4.26	4.38
	Foreign	<i>Trust in T&amp;Cs</i>	.208	4.56	4.47	4.24	4.74
		<i>Trust in seller</i>	<b>.029</b>	3.88	<b>4.37**</b>	4.20	<b>4.39**</b>
		<i>Trust in cue</i>	.107	NA	NA	4.04	4.43
Spain	Domestic	<i>Trust in T&amp;Cs</i>	.686	4.14	4.16	3.95	4.05
		<i>Trust in seller</i>	.255	4.30	4.54	4.46	4.26
		<i>Trust in cue</i>	.207	NA	NA	4.83	4.60
	Foreign	<i>Trust in T&amp;Cs</i>	.886	4.29	4.19	4.12	4.21
		<i>Trust in seller</i>	<b>.034</b>	4.25	4.39	4.24	<b>4.73**</b>
		<i>Trust in cue</i>	.187	NA	NA	4.53	4.81
Finland	Domestic	<i>Trust in T&amp;Cs</i>	.192	4.20	4.23	<b>4.52*</b>	4.14
		<i>Trust in seller</i>	.123	3.82	3.90	<b>4.19**</b>	4.02
		<i>Trust in cue</i>	.702	NA	NA	4.45	4.52
	Foreign	<i>Trust in T&amp;Cs</i>	.581	4.06	4.23	4.34	4.14
		<i>Trust in seller</i>	.421	3.70	3.99	3.89	3.79
		<i>Trust in cue</i>	.397	NA	NA	4.27	4.45

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Country	Type of online store		<i>p</i>	Quality cue			
				No cue (control)	Reading cost cue	National CO endors.	European CO endors.
France	Domestic	<i>Trust in T&amp;Cs</i>	.572	4.30	4.18	4.16	4.03
		<i>Trust in seller</i>	.547	4.48	4.38	4.38	4.24
		<i>Trust in cue</i>	.334	NA	NA	4.45	4.27
	Foreign	<i>Trust in T&amp;Cs</i>	.139	4.24	4.58	4.23	4.04
		<i>Trust in seller</i>	.346	4.34	4.60	4.26	4.32
		<i>Trust in cue</i>	.765	NA	NA	4.30	4.36
Italy	Domestic	<i>Trust in T&amp;Cs</i>	.438	4.36	4.27	4.57	4.34
		<i>Trust in seller</i>	.232	5.01	4.77	4.95	<b>4.73*</b>
		<i>Trust in cue</i>	<b>.030</b>	NA	NA	<b>5.17</b>	<b>4.76</b>
	Foreign	<i>Trust in T&amp;Cs</i>	.143	4.18	4.18	4.10	<b>4.55*</b>
		<i>Trust in seller</i>	.164	4.76	5.02	4.61	4.86
		<i>Trust in cue</i>	.789	NA	NA	4.72	4.66
Netherlands	Domestic	<i>Trust in T&amp;Cs</i>	.611	4.26	4.35	4.43	4.18
		<i>Trust in seller</i>	.497	3.98	4.06	4.22	4.06
		<i>Trust in cue</i>	.804	NA	NA	4.18	4.14
	Foreign	<i>Trust in T&amp;Cs</i>	.482	4.16	4.34	4.45	4.22
		<i>Trust in seller</i>	.389	4.10	4.33	4.06	4.10
		<i>Trust in cue</i>	.593	NA	NA	4.07	3.96
Poland	Domestic	<i>Trust in T&amp;Cs</i>	.111	4.33	<b>4.74**</b>	4.54	<b>4.71**</b>
		<i>Trust in seller</i>	.623	4.73	4.57	4.54	4.67
		<i>Trust in cue</i>	.223	NA	NA	4.49	4.26
	Foreign	<i>Trust in T&amp;Cs</i>	.345	4.51	4.64	4.21	4.43
		<i>Trust in seller</i>	.596	4.32	4.51	4.49	4.61
		<i>Trust in cue</i>	.824	NA	NA	4.30	4.36
Romania	Domestic	<i>Trust in T&amp;Cs</i>	<b>.004</b>	4.56	4.67	4.54	<b>5.14**</b>

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Country	Type of online store		p	Quality cue			
				No cue (control)	Reading cost cue	National CO endors.	European CO endors.
		<i>Trust in seller</i>	.921	4.53	4.53	4.61	4.51
		<i>Trust in cue</i>	.897	NA	NA	4.35	4.37
	Foreign	<i>Trust in T&amp;Cs</i>	.853	4.98	5.09	5.03	5.16
		<i>Trust in seller</i>	.864	4.70	4.61	4.60	4.73
		<i>Trust in cue</i>	.892	NA	NA	4.62	4.65
		<i>Trust in T&amp;Cs</i>	.091	4.29	4.01	4.27	4.50
Sweden	Domestic	<i>Trust in seller</i>	.150	3.83	3.73	4.09	3.96
		<i>Trust in cue</i>	.937	NA	NA	3.86	3.87
		<i>Trust in T&amp;Cs</i>	.319	4.38	4.36	4.43	4.08
	Foreign	<i>Trust in seller</i>	.707	3.89	4.05	3.90	4.03
		<i>Trust in cue</i>	.091	NA	NA	3.79	4.13
		<i>Trust in T&amp;Cs</i>	.821	4.71	4.54	4.67	4.65
Slovenia	Domestic	<i>Trust in seller</i>	.216	4.15	4.31	3.98	4.06
		<i>Trust in cue</i>	<b>.006</b>	NA	NA	<b>4.90</b>	<b>4.39</b>
		<i>Trust in T&amp;Cs</i>	.856	4.49	4.39	4.55	4.54
	Foreign	<i>Trust in seller</i>	.224	3.97	3.98	4.02	<b>4.29*</b>
		<i>Trust in cue</i>	<b>.012</b>	NA	NA	<b>4.17</b>	<b>4.68</b>
		<i>Trust in T&amp;Cs</i>	.710	4.50	4.38	4.44	4.27
United Kingdom	Domestic	<i>Trust in seller</i>	.529	4.42	4.35	4.40	4.19
		<i>Trust in cue</i>	.104	NA	NA	4.58	4.27
		<i>Trust in T&amp;Cs</i>	.687	4.18	4.27	4.10	4.34
	Foreign	<i>Trust in seller</i>	<b>.048</b>	4.59	4.43	<b>4.25**</b>	<b>4.15**</b>
		<i>Trust in cue</i>	.051	NA	NA	4.04	4.41
		<i>Trust in T&amp;Cs</i>					

\* = differs marginally significantly from control condition (p < .10).

\*\* = differs significantly from control condition (p < .05).

In most countries, there is no effect of quality cue on **trust in the T&Cs**. The significant effect for German domestic online stores results from a difference between the European and national consumer organisation endorsement (4.24 is significantly different from 3.74), but neither cue increases trust levels compared to a situation in which there is no cue (3.74 and 4.24 are not significantly different from 4.05). Romanian domestic online stores are an exception: European consumer organisation endorsement increases trust in the T&Cs compared to the no cue condition.

As for **trust in the seller**, there is no effect of quality cue on domestic online stores in any of the countries (apart from a marginally significant effect in Estonia). In some countries, we do see the effect of quality cue on foreign online stores. Specifically, in Estonia and Spain, the cue indicating endorsement by a European consumer organisation increases trust in the seller on foreign online stores. In addition, in Estonia, the reading cost cue does so as well. Interestingly, on foreign online stores in the UK, both the national (in this case: Irish) and the European consumer organisation endorsement cue *decrease* trust in the seller<sup>140</sup>.

As for **trust in the quality cue**, there are significant effects on Italian domestic online stores and Slovenian domestic and foreign online stores and marginally significant effects on German, Swedish, and English foreign online stores. In all these cases, on domestic online stores, endorsement by a national consumer organisation is trusted more than endorsement by a European consumer organisation. On foreign online stores endorsement by a European consumer organisation is trusted more than endorsement by a national consumer organisation.

Importantly, differences across countries are only found when zooming in on the simple effects. Note that in the overall model, the three-way interaction of quality cue × type of online store × country is not significant, meaning that the (interaction) effects that were found on the three trust measures do not differ across countries.

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140 Note that the United Kingdom was analysed separately.

### F.3 Experiment 3 (part D): Effortless awareness

The country-specific results in Experiment 3 can be found in Table F.5.

**Table F.5 Country-specific results**

Country	Type of online store		<i>p</i>	Quality cue			
				No cue (control)	Customer feedback	National CO endors.	European CO endors.
Germany	Domestic	<i>Purchase intention</i>	<b>.019</b>	4.23	<b>4.55**</b>	4.30	4.32
		<i>Trust in T&amp;Cs</i>	.021	4.32	<b>4.51**</b>	4.27	4.30
		<i>Trust in cue</i>	<b>.001</b>	NA	4.19 <sup>a</sup>	4.47 <sup>b</sup>	4.34 <sup>ab</sup>
	Foreign	<i>Purchase intention</i>	.849	3.92	4.02	3.99	3.87
		<i>Trust in T&amp;Cs</i>	.256	3.77	3.99	3.99	<b>4.07*</b>
		<i>Trust in cue</i>	<b>.013</b>	NA	3.70 <sup>a</sup>	4.34 <sup>b</sup>	4.18 <sup>b</sup>
Estonia	Domestic	<i>Purchase intention</i>	.812	4.32	4.41	4.36	4.29
		<i>Trust in T&amp;Cs</i>	.327	4.55	4.67	4.47	4.60
		<i>Trust in cue</i>	<b>.006</b>	NA	4.29 <sup>a</sup>	4.58 <sup>b</sup>	4.62 <sup>b</sup>
	Foreign	<i>Purchase intention</i>	.260	3.79	3.95	3.90	<b>4.05*</b>
		<i>Trust in T&amp;Cs</i>	.337	4.29	<b>4.49*</b>	4.40	4.43
		<i>Trust in cue</i>	.128	NA	4.11 <sup>a</sup>	4.09 <sup>a</sup>	4.30 <sup>a</sup>
Spain	Domestic	<i>Purchase intention</i>	.194	4.28	<b>4.54**</b>	<b>4.57**</b>	<b>4.54**</b>
		<i>Trust in T&amp;Cs</i>	<b>&lt;.001</b>	3.85	4.02	<b>4.35**</b>	<b>4.22**</b>
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	4.42 <sup>a</sup>	5.16 <sup>b</sup>	4.88 <sup>c</sup>
	Foreign	<i>Purchase intention</i>	.055	4.13	4.11	4.28	4.20
		<i>Trust in T&amp;Cs</i>	.872	3.96	4.00	4.05	3.99
		<i>Trust in cue</i>	<b>.011</b>	NA	4.38 <sup>a</sup>	4.57 <sup>ab</sup>	4.70 <sup>b</sup>

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Country	Type of online store		p	Quality cue			
				No cue (control)	Customer feedback	National CO endors.	European CO endors.
Finland	Domestic	<i>Purchase intention</i>	.800	3.82	3.59	3.76	3.66
		<i>Trust in T&amp;Cs</i>	.137	4.41	4.32	<b>4.64*</b>	4.42
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.62 <sup>a</sup>	4.27 <sup>b</sup>	4.31 <sup>b</sup>
	Foreign	<i>Purchase intention</i>	.504	3.56	3.48	3.49	3.54
		<i>Trust in T&amp;Cs</i>	.125	4.11	<b>4.28**</b>	<b>4.26*</b>	4.24
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.54 <sup>a</sup>	4.16 <sup>b</sup>	4.31 <sup>b</sup>
France	Domestic	<i>Purchase intention</i>	.921	4.06	<b>4.23*</b>	4.15	4.15
		<i>Trust in T&amp;Cs</i>	.129	4.07	<b>4.24**</b>	4.15	4.16
		<i>Trust in cue</i>	.123	NA	4.24 <sup>a</sup>	4.42 <sup>b</sup>	4.33 <sup>b</sup>
	Foreign	<i>Purchase intention</i>	.411	3.75	3.79	3.87	3.78
		<i>Trust in T&amp;Cs</i>	.246	3.79	<b>4.12**</b>	<b>4.04*</b>	3.96
		<i>Trust in cue</i>	.745	NA	4.17 <sup>a</sup>	4.13 <sup>a</sup>	4.25 <sup>a</sup>
Italy	Domestic	<i>Purchase intention</i>	<b>.002</b>	4.67	4.67	<b>4.96**</b>	4.62
		<i>Trust in T&amp;Cs</i>	<b>.018</b>	4.14	4.28	<b>4.41**</b>	4.18
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	4.72 <sup>a</sup>	5.31 <sup>b</sup>	4.80 <sup>a</sup>
	Foreign	<i>Purchase intention</i>	.335	4.20	<b>4.50*</b>	4.35	4.40
		<i>Trust in T&amp;Cs</i>	.745	4.16	4.02	4.13	4.19
		<i>Trust in cue</i>	<b>.062</b>	NA	4.44 <sup>a</sup>	4.71 <sup>ab</sup>	4.79 <sup>b</sup>
Netherlands	Domestic	<i>Purchase intention</i>	.523	4.18	4.30	4.36	4.27
		<i>Trust in T&amp;Cs</i>	<b>.005</b>	4.32	<b>4.65**</b>	<b>4.65**</b>	<b>4.57**</b>
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.99 <sup>a</sup>	4.67 <sup>b</sup>	4.39 <sup>c</sup>
	Foreign	<i>Purchase</i>	.108	3.58	3.70	3.72	<b>3.87**</b>



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Country	Type of online store		p	Quality cue				
				No cue (control)	Customer feedback	National CO endors.	European CO endors.	
Poland		<i>intention</i>						
		<i>Trust in T&amp;Cs</i>	.104	4.17	<b>4.42**</b>	4.23	4.31	
		<i>Trust in cue</i>	<b>.040</b>	NA	3.85 <sup>a</sup>	3.91 <sup>a</sup>	4.12 <sup>b</sup>	
	Domestic		<i>Purchase intention</i>	.054	4.41	<b>4.78**</b>	<b>4.63*</b>	<b>4.67*</b>
			<i>Trust in T&amp;Cs</i>	.425	4.66	4.80	4.71	4.64
			<i>Trust in cue</i>	.304	NA	4.58 <sup>a</sup>	4.67 <sup>a</sup>	4.50 <sup>a</sup>
		Foreign	<i>Purchase intention</i>	.243	4.07	4.12	4.02	4.27
			<i>Trust in T&amp;Cs</i>	.473	4.35	4.39	4.41	4.53
			<i>Trust in cue</i>	<b>.018</b>	NA	4.20 <sup>ab</sup>	4.01 <sup>a</sup>	4.33 <sup>b</sup>
Romania	Domestic	<i>Purchase intention</i>	.137	4.80	4.92	4.73	4.89	
		<i>Trust in T&amp;Cs</i>	<b>.025</b>	4.43	<b>4.71**</b>	<b>4.65**</b>	4.57	
		<i>Trust in cue</i>	.503	NA	4.71 <sup>a</sup>	4.59 <sup>a</sup>	4.57 <sup>a</sup>	
	Foreign	<i>Purchase intention</i>	.405	4.54	4.75	4.60	4.58	
		<i>Trust in T&amp;Cs</i>	.074	4.36	<b>4.61**</b>	4.36	<b>4.59**</b>	
		<i>Trust in cue</i>	<b>.021</b>	NA	4.48 <sup>ab</sup>	4.29 <sup>a</sup>	4.63 <sup>b</sup>	
Sweden	Domestic	<i>Purchase intention</i>	.904	3.95	3.95	4.01	4.02	
		<i>Trust in T&amp;Cs</i>	.509	4.28	4.43	4.34	4.39	
		<i>Trust in cue</i>	.199	NA	3.90 <sup>a</sup>	4.08 <sup>a</sup>	4.08 <sup>a</sup>	
	Foreign	<i>Purchase intention</i>	.091	3.88	3.94	<b>3.64*</b>	3.83	
		<i>Trust in T&amp;Cs</i>	.112	4.21	4.32	4.21	<b>4.43**</b>	
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.65 <sup>a</sup>	3.84 <sup>a</sup>	4.11 <sup>b</sup>	
Slovenia	Domestic	<i>Purchase intention</i>	<b>.001</b>	4.24	4.42	<b>4.71**</b>	4.38	

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Country	Type of online store		<i>p</i>	Quality cue			
				No cue (control)	Customer feedback	National CO endors.	European CO endors.
		<i>Trust in T&amp;Cs</i>	<b>&lt;.001</b>	4.56	4.66	<b>5.15**</b>	4.64
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.91 <sup>a</sup>	5.08 <sup>b</sup>	4.50 <sup>c</sup>
	Foreign	<i>Purchase intention</i>	.785	4.05	4.14	4.14	4.17
		<i>Trust in T&amp;Cs</i>	.651	4.59	4.54	4.55	4.66
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	3.86 <sup>a</sup>	4.26 <sup>b</sup>	4.61 <sup>c</sup>
United Kingdom	Domestic	<i>Purchase intention</i>	<b>.097</b>	4.35	4.49	<b>4.58**</b>	<b>4.55*</b>
		<i>Trust in T&amp;Cs</i>	.770	4.19	4.12	4.25	4.30
		<i>Trust in cue</i>	<b>&lt;.001</b>	NA	4.42 <sup>a</sup>	5.01 <sup>b</sup>	4.52 <sup>a</sup>
	Foreign	<i>Purchase intention</i>	.175	3.92	4.08	4.20	<b>4.28**</b>
		<i>Trust in T&amp;Cs</i>	.231	4.05	4.15	4.02	4.17
		<i>Trust in cue</i>	.128	NA	4.06 <sup>a</sup>	4.13 <sup>a</sup>	4.37 <sup>a</sup>

\* = differs marginally significantly from control condition ( $p < .10$ ).

\*\* = differs significantly from control condition ( $p < .05$ ).

Note. Differences in means on *trust in cue* are indicated by a superscript, because there is no control condition for this variable. Means with different superscripts differ significantly from each other ( $p < .05$ ).

For increasing **purchase intention**, adding a customer feedback cue seems to work particularly on Polish domestic online stores. Adding a national consumer organisation endorsement cue seems to work particularly on Italian, Polish, Slovenian, and English domestic online stores. It seems to *decrease* purchase intentions on Swedish foreign online stores. Adding a European consumer organisation endorsement cue seems to work particularly on Polish and English domestic online stores and English foreign online stores.

For increasing **trust in the T&Cs**, adding a customer feedback cue seems particularly effective on German, Dutch, and Romanian domestic online stores and Romanian foreign online stores. Adding a national consumer organisation endorsement cue seems particularly effective on Spanish, Italian, Dutch, Romanian, and Slovenian domestic online stores. Adding a European consumer organisation endorsement cue seems particularly effective on Spanish and Dutch domestic online stores and Romanian foreign online stores.

As for **trust in the quality cue**, there are many significant differences across quality cues. In particular, on domestic online stores, the customer feedback is often trusted the least and the *national* endorsement cue the most. Specifically, the customer feedback cue is trusted significantly less than both other cues on Spanish, Finnish, French, Dutch, and Slovenian domestic online stores. The national endorsement cue is trusted significantly more than both other cues on Estonian, Spanish, Italian, Dutch, Slovenian, and English domestic online stores. On foreign online stores, the customer feedback is often trusted the least and the *European* endorsement cue the most. Specifically, the customer feedback cue is trusted significantly less than both other cues on German, Finnish, and Slovenian foreign online stores. The European endorsement cue is trusted significantly more than both other cues on Dutch, Swedish, and Slovenian foreign online stores. Some additional effects (for example, the European endorsement cue being more effective than the customer feedback cue but not differing from the national endorsement cue on Spanish foreign online stores) can be found in the table.

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