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electronic marketplaces for international business

“TRUST BARRIERS FOR THE B2B E-MARKETPLACES”

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e Business
Issue



The issue of Online Trust

Findings from the open consultation 2002 on “Trust barriers for B2B e-marketplaces”

This is a summary of results taken from a survey relating to online trust and codes of conduct as part of an open consultation on “Trust barriers for B2B e-marketplaces” conducted by the Enterprise DG Expert Group in 2002.

Three user groups provided responses to the survey. These were:

- associations/chambers of commerce and companies,
- e-marketplace operators, and
- trust operators of e-business trust platforms.

The findings suggest that the level of awareness regarding online codes by all three user groups is low, but they consider the area of online trust to be an important one.

This paper addresses the critical issues covered by the survey, namely:

- the level of awareness by the three user groups,
- their perceived barriers/issues to online trust, and
- how e-marketplaces are addressing these issues.

We have included a takeaway/ summary section in order to pinpoint the core concerns.

- **ISSUE: Awareness of online codes of conduct**

The three user groups were asked about their level of awareness of online codes of conduct. Charts 1, 2 and 3 show their responses.

Chart 1

	Associations/Chambers of Commerce/Companies
AWARE	48.4%
NOT AWARE	51.6%
Are codes of conduct a useful tool to enhance trust?	Yes 96%
A good idea to establish a stakeholder group?	Yes 93.8%
Would you participate in such a stakeholder group?	Yes 83%

Chart 2

	E-Marketplace Operators
AWARE	39.3%
NOT AWARE	61.7%
Are codes of conduct a useful tool to enhance trust?	Yes 92.9%
A good idea to establish a stakeholder group?	Yes 100%
Have you developed or subscribed to a code?	Yes 35.7%
Are you participating in a trust mark program?	Yes 10.7%

Chart 3

	Trust Operators/E-business Platforms
AWARE	54%
NOT AWARE	46%
Are codes of conduct a useful tool to enhance trust?	100%
A good idea to establish a stakeholder group?	100%
Would you participate in such a stakeholder group?	91%
Have you developed or subscribed to a code?	Yes 36%

TAKE AWAY

The findings in charts 1, 2 and 3 below suggest that the level of awareness of online codes of conduct by all three groups is low.

The low awareness of online codes by electronic marketplaces is a particular concern and needs to be addressed.

All three user groups state that online codes of conduct are a useful way to build online trust.

Only 10.7% of e-markets are participating in a trust mark program.

- **ISSUE: Trust barriers**

Barriers/issues relating to online trust are prohibiting companies from accessing online tools and environments such as electronic marketplaces.

These responses represent the barriers to trust that the user groups have stated are hindering trust online. Responses have been divided under 'Purchasing' and 'Selling'.

Chart 4

<u>ONLINE PURCHASING</u>		<u>ONLINE SELLING</u>	
Protection and confidentiality of sensitive data	59.4%	Protection and confidentiality of sensitive data	54.7%
Security of information and communication systems	57.8%	Dispute resolution	50%
Lack of clear information on terms and conditions of the contract (eg. Applicable law, jurisdiction)	56.3%	Security of information and communication systems	46.9%
Dispute resolution	50%	Online payments	43.8%
Online payments	48.4%	Other – ‘high entry costs’	25.5%
Lack of information relating to steps in the conclusion of the contract	42.2%		
Lack of sufficient information on identity of companies	37.5%		
Lack of sufficient information on right of withdrawal from contract	35.9%		
Lack of information on product return and recovery of monies paid	34.4%		
Lack of sufficient information on the goods and services	31.3%		
Lack of sufficient information on availability of products and delivery time	29.7%		
Lack of sufficient information on payment methods	25%		
Lack of information on certification of products/services	23.4%		
Other	23.4%		
Lack of sufficient information on insurance of goods/services	18.8%		
Lack of information on the costs of delivery goods/services	15.6%		

Lack of sufficient information on the language of the transaction	14.1%		
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TAKE AWAY

Results from the survey suggest that issues relating to Privacy and Security of data, and Dispute Resolution are the most important trust barriers to overcome for current and potential users of electronic marketplaces.

- **ISSUE: How are e-markets responding to the challenges of creating trust online?**

Those electronic marketplaces that participated in the survey were analyzed with regards to the type of information they provide to users online to address their trust related issues.

From chart 5 we can see that 67.9% are providing information to address issues relating to privacy and security of data, but only 32.1% provide information regarding rules for online auctions that would address concerns relating to dispute resolution.

Chart 5

Information on available mechanisms to ensure the security and confidentiality of the data	67.9%
Information on the criteria for the selection and admission of participants to the emarket	60.7%
Other	37%
Information on the dates for on-line auctions	32.1%
Information on the applicable rules for online auctions	32.1%
Information on the criteria for participation in on-line auctions	21.4%

TAKE AWAY

Electronic marketplaces are not providing adequate information online to promote online trust and confidence in their users.

- **ISSUE: Types of information required for the users (both buyers and sellers) of the electronic marketplaces**

Chart 6

Information relating participant's identity (name, address, VAT)	92.9%
Information on the goods and services offered	71.4%
Information on the prices of goods/services – including additional charges	67.9%
Information on availability of products and delivery time	42.9%
Information on payment methods	42.9%
Information on terms and conditions of the contract (eg. Applicable law, jurisdiction)	39.3%
Information on the language of the transaction	39.3%
Information on the costs of delivery of goods/services	35.7%
Information on certification of products/services	35.7%
Information relating to steps in the conclusion of the contract	28.6%
Information on insurance of goods/services	14.3%
Information on product return and recovery of monies paid	14.3%
Information on right of withdrawal from contract	14.3%
Other	7.1%

TAKE AWAY

It follows that the more stringent the electronic marketplace is with its qualification of sellers, the better the transaction experience and outcomes will be for buyers and vice versa.

TAKE AWAY

Only 39.3% of those electronic marketplaces surveyed are asking users for information relating 'terms and conditions of the contract'. This is alarmingly low.

Conclusion

There are several issues to consider here:

1. The low awareness rate amongst e-market operators will contribute to a low awareness rate amongst the users of e-markets as the information is not being forwarded down the supply chain
2. Why is the adoption rate so low at 10.7%? Is it perhaps because that e-markets cannot estimate/quantify in \$ terms what participation in a trust mark program will bring if anything at all?
3. Do trust mark programs and codes improve the bottom line performance?

It is clear that a disconnect exists between the trust issues of users of e-markets and the programs e-markets themselves are adopting to address trust issues. As the European Commission's peak body for B2B trading, eMarket Services has an important role to play in this area. eMarket services will continue to promote the various codes of conduct and trust seals through its website (cases, reports, e-business issues section), the newsletter, and the Self assessment checklist.