

ONLINE TRUST SURVEY



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2020 and the first part of 2021 have seen an unprecedented transition to digital commerce. In April 2021, Empathy sponsored research in the UK to explore evolving consumer attitudes to digital commerce and how they affect consumer behaviours.

Empathy shares this research hoping that it will spark meaningful conversations on the future of digital commerce.

In this document, Empathy explores

The success and limitations of the sudden unplanned transition to digital commerce in 2020 – 2021

How consumer attitudes and behaviours related to privacy are negatively impacting digital commerce today

Strategies for future success in digital commerce that are supported by the data



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01

UNPRECEDENTED TRANSITION TO DIGITAL COMMERCE



Lockdown restrictions and reduced earnings for many people have significantly impacted brick and mortar commerce establishments during the Covid-19 crisis. Stores deemed essential by governments have fared best, with 'non-essential' businesses most affected. Estimates of the numbers of store closures in the US and the UK in 2020 vary; still, all sources concur that an already steady decline in retail outlets accelerated significantly due to Covid-19.

Meanwhile, partly through necessity, digital commerce grew dramatically in 2020. This unplanned and unexpectedly sudden transition has been relatively successful.



33%

One third say the Covid pandemic has dramatically reduced their disposable income



A woman with her hair in a bun, wearing a green apron over a light-colored sweater, is smiling while looking at a tablet computer. She is standing behind a counter in what appears to be a shop or cafe. In the foreground, there are some red flowers. In the background, there is a large window with a vase of white flowers on a table. The overall atmosphere is warm and bright.

02

DIGITAL COMMERCE: A SUCCESSFUL TRANSITION

There are two distinct aspects of digital commerce that deserve independent exploration. The first is more transactional. How effectively has the transition to digital enabled people to find and purchase products they know they need.



Secondly, given that digital has partially replaced in-store shopping, it is essential to look at shopping as a more emotional process and assess how effectively digital has enabled people to discover new products, explore ideas, be inspired or even entertained.

From a transactional perspective, digital commerce has been quite successful in helping consumers to find and buy products. The majority of consumers now shop for groceries online at least once a month. Many say there is a wide array of choice online, and very few complain the online stores are difficult to navigate.

The transition has been sufficiently successful that around half of consumers expect to continue online shopping after the Covid-19 crisis subsides.

Half (49%) will continue their shopping online, even after social distancing is removed.

Commerce search and discovery sits at the emotional centre of the commerce experience. It has the potential to inspire and go beyond the purely transactional. It is significant that consumers now view search as their default starting point in a commerce experience because this opens the door to greatly improved experiences.

Only 14% say online stores are difficult to navigate

Q2. HOW OFTEN, IF AT ALL, DO YOU USE AN ONLINE STORE SEARCH ENGINE?

- Always, I look directly for what I need - 59.40% (2398 respondents)
- Only when I can't find what I'm looking for in the catalogue - 33.17% (1339 respondents)
- Never - 7.43% (300 respondents)

While an attentive shop assistant can demonstrate a human understanding of a shopper, and a beautiful shop interior may evoke positive emotions, it is becoming apparent that today's most advanced digital technologies also have their strengths. The ability to personalize an experience based on the tastes and preferences of an individual overlaid with trends of the moment and thoughtful merchandising can enable commerce systems to accurately anticipate consumer's needs, creating the

appearance of intuition and ultimately making the consumer feel understood. Leading brands are now able to develop meaningful connections with consumers in the digital realm.

However, the data also reveals an area for significant concern that is already negatively impacting digital commerce for many brands. Consumers are experiencing a crisis of trust, affecting their behaviour in digital commerce and their relationships with brands.

Consumer expectations of digital commerce are starting to shift. A significant minority of consumers are now expecting digital commerce to be inspirational and for online stores to understand them

- I like that the search engine offers me alternative products if I can't find what I'm looking for - 26.70% (1078 respondents)
- Search engine suggestions help me in my online purchase - 21.80% (880 respondents)
- I expect my favourite online shops to inspire me - 17.79% (718 respondents)
- I expect my favourite online shops to understand me - 16.92% (683 respondents)

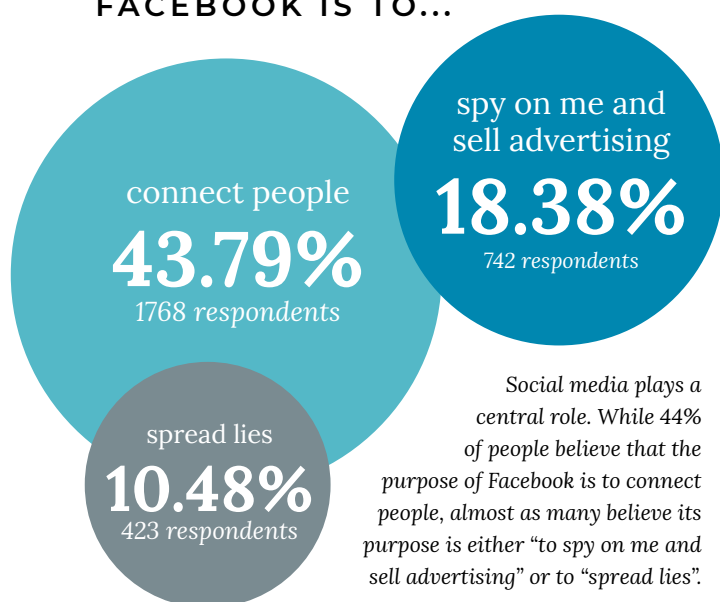
A close-up photograph of a person's hand held up, palm facing forward, in a universal 'stop' gesture. The hand is light-skinned and appears to be from a young adult. The person is wearing a red, ribbed knit sweater. In the background, a person with dark, curly hair is visible but heavily blurred, suggesting a shallow depth of field. The overall lighting is soft and natural, possibly outdoors.

03

ATTITUDES
TO PRIVACY
NOW IMPACT
COMMERCE

Today's crisis in consumer trust has been developing for several years, and its reach goes far beyond digital commerce and the scope of this paper. Trust in government, institutions, science and technology have all diminished. State-sponsored and political disinformation campaigns and the surveillance economy, with its monetization and trading in personal information, contribute to the crisis.

THE PURPOSE OF FACEBOOK IS TO...



Retail brands that have been trusted for decades, since before the technologies at the heart of today's concerns existed, are not responsible for this crisis, although they are at risk of being impacted by it.

Empathy research shows considerable consumer concern around data privacy. 42% report that they are concerned about handing over data, and 37% would like to control the data business they have on them.

This consumer concern is translating into behaviour that is impacting digital commerce. Almost one in four consumers in the UK report always using guest accounts to avoid handing over data. For digital commerce professionals, this is alarming. Commerce sites become unable to capture purchase, navigation and search history. Abandoned cart triggers and retargeting are impossible.

Governments worldwide have reacted to these consumer concerns with regulations such as GDPR and CCPA, with many more national and state-level rules under consideration

In digital commerce, data is the lifeblood of a meaningful experience. Without data, no personalization technology can operate. It becomes impossible to anticipate the interests, needs or desires of consumers. Moments of joy become immeasurably more difficult to orchestrate. Without data, digital commerce is unable to inspire or entertain. Online shopping becomes lifeless and transactional, more akin to a dimly lit warehouse than a beautifully curated and expertly staffed boutique.

What does this mean for the future of digital commerce?

A close-up photograph of two hands clasped together. The hand on the left is dark-skinned with grey nail polish, and the hand on the right is light-skinned with pink nail polish. They are set against a soft, out-of-focus background of pastel colors, likely a sunset or sunrise sky. The overall mood is intimate and supportive.

04 PRIVACY AND TRUST: WINNERS AND LOSERS

As consumers become more assertive and aware of their privacy rights, better supported by regulations and better equipped with consumer-centred privacy products, commerce enters a new era where trust becomes the key differentiating factor between brands.

Other research suggests that 66% of consumers do not trust most of the brands they buy or use. As consumers gain more control over their data through additional regulations or simply new tools that make it easy to take back information under existing laws, untrusted brands will lose access to consumer data.

Meanwhile, trusted brands will benefit. Many consumers are willing to share additional personal information with brands they fully trust. As consumers disclose more personal information - such as explicit affinities, preferences for brands, diet, nutritional choices or style preferences - they benefit from more emotionally engaging experiences

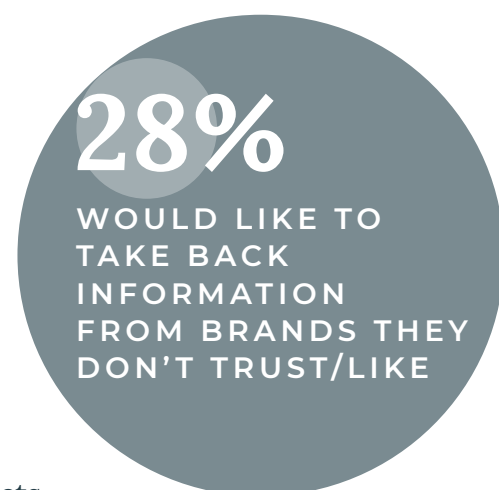
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and a deeper connection with the brand, creating a virtuous circle.

Consequently, Empathy expects the gap in consumer experience and brand loyalty between trusted and untrusted brands to widen over time progressively.

Consumers reward brands they trust through advocacy, loyalty, and expenditure. 48% of consumers prefer to shop with brands they trust. 22% are willing to pay more for trusted brands. Trusted brands will enjoy an ever-increasing advantage over less trusted counterparts.

What strategies can commerce companies adopt today to drive future success?





05

TRUST IS THE ONLY WINNING BUSINESS STRATEGY FOR THE FUTURE OF COMMERCE

Projecting the future of commerce, it becomes clear that :

- Creating and sustaining meaningful and profitable relationships with consumers in digital commerce requires access to their data.
- Consumers are willing to withhold their data from brands they do not trust.
- Technical and regulatory mechanisms are likely to make it easier for consumers to take back their data if they chose.

Given the above, the only predictable and sustainable way to retain access to consumer data is to be trusted. Companies that proactively adopt a business strategy centred around privacy and trust will outperform those that take a more passive approach.

That is why Empathy recommends that every commerce brand adopts a trust-first strategy.



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