Inspiring Trust In The New Digital Economy

In the Inspiring Trust In The New Digital Economy report, PYMNTS examines the visual cues, social cues and shopping features that can help eCommerce sites build trust among consumers in the current digital-first economy. We surveyed a census-balanced panel of 2,437 U.S. consumers to discover how many switched from shopping in stores to shopping online, how many plan to keep doing so even after the pandemic has subsided and how eTailers can stand out in a world in which digital commerce is standard.

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Inspiring
Trust **In The New**
Digital
Economy

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Introduction

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On April 30, 2020, Georgia became the first American state to begin lifting stay-at-home orders intended to slow the spread of the COVID-19 virus. Other states followed suit, hoping that if consumers were allowed to go back to shopping in stores, their economies would recover from the pandemic-induced slowdown.

Every state that required residents to stay at home began to lift those requirements four months later, but United States consumers have not gone back to shopping in stores. They are instead more likely than ever to be shopping online. The number of consumers shopping for groceries online is up fivefold since the pandemic began, and the number of consumers who buy retail products online has increased fourfold. The share of consumers who are going online to order from restaurants has dipped slightly amid the economic reopening but is still three times higher than it was before the pandemic.

More consumers are shopping online than ever, and a greater portion plan to remain clear of stores even after the pandemic is over. That is true for the 40 percent of all U.S. consumers — roughly 99 million people — who now say they will not go back to shopping in stores as often as they did before compared to just 37 percent who said the same in May.

Individuals are relying on the web to shop and pay for their food, groceries and retail goods, putting the pressure on eCommerce merchants to earn their customers' trust and deliver the payments and shopping experiences they expect. Which site features will go the farthest in helping eCommerce merchants accomplish that? PYMNTS sought to discover this in the Inspiring Trust In The New Digital Economy report. We surveyed a census-balanced panel of 2,437 U.S. consumers to find out what eCommerce merchants can do to inspire trust in today's digital-first economy and uncover the steps merchants can take to transform first-time buyers into loyal customers.

Our latest study shows that this new economy has some shared characteristics with the one that came before. Consumers may no longer go to departments to browse through inventory, but first impressions are still crucial for catching consumers' attentions and building their trust in brands. Twenty percent of all consumers rely on visual and social cues to determine which brands to trust when shopping online, looking for sites that are not only visually appealing and easy to use but also ones that offer familiar payment options such as digital wallets. They are also more likely to trust brands that friends and family members have used. Having a positive first-time shopping experience with a merchant just might be the most important factor in establishing a long-term customer-merchant relationship, as 24 percent of consumers cite it as the most important factor in helping them build trust in their eCommerce sites.

Our newest study offers a blueprint for how merchants can engage their customers in a world in which digital commerce comes first.

This is what we learned.

We can now quantify the pandemic's digital shift.

The COVID-19 pandemic has triggered a massive consumer migration away from brick-and-mortar shopping and toward digital commerce. Over the last five months, 114 million U.S. consumers have shifted from shopping in brick-and-mortar stores for food, retail products and restaurant food to using digital channels. This means that 46 percent of all U.S. adults have completed those activities with digital-first channels over that period.
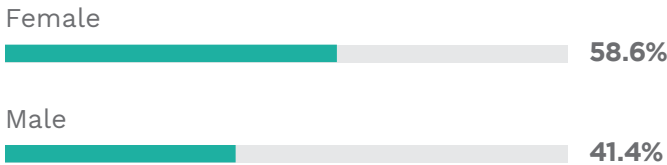
FIGURE 1:

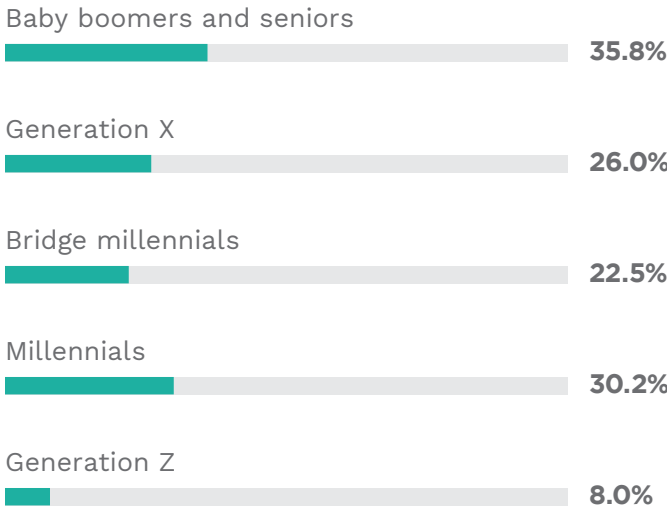## Which consumers are most likely to have switched from shopping in stores to online

1A: Share of consumers who have or have not shifted to shopping online

Shifted at least one activity
45.9%

Did not shift
49.6%

Nonqualified adults
4.5 %
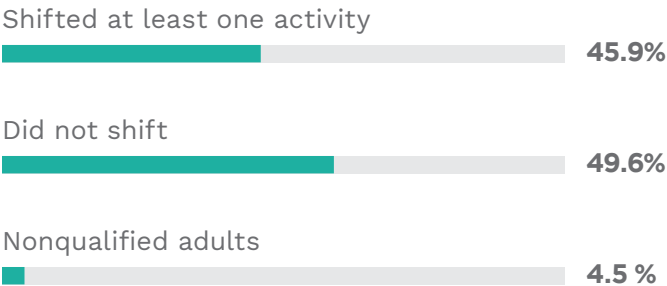
1B: Share of consumers who have shifted to shopping online, by gender

Female
58.6%

Male
41.4%

1C: Share of consumers who have shifted to shopping online, by generation

Baby boomers and seniors
35.8%

Generation X
26.0%

Bridge millennials
22.5%

Millennials
30.2%

Generation Z
8.0%

PART I

The Consumer's Big Digital Shift

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Our research shows that digital shifters come from across the spectrum but that some are more likely than others to have gone online to shop and pay. Digital shifters are more likely to be women, for example, with 59 percent being female and 41 percent being male. They are also more likely to be baby boomers and seniors than they are to represent any other age group, with 36 percent of all shifters coming from that demographic. Millennials are the second-most likely generation of consumers to have shifted their shopping activities online, as 30 percent of all shifters are millennials. Generation X and bridge millennials follow, comprising 26 percent and 23 percent, respectively, of all consumers who have gone from shopping in stores to shopping online during the six months since COVID-19 was declared a pandemic.
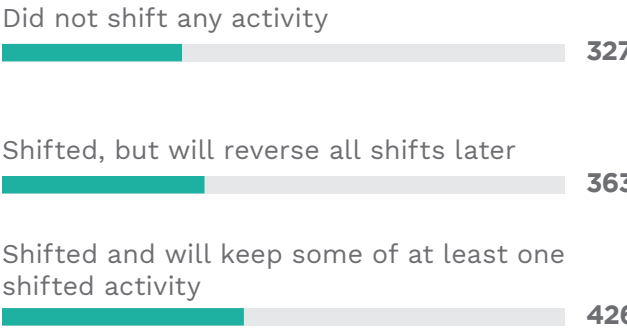
Consumers have been quick to switch away from shopping in stores to doing so online and most do not intend to resume brick-and-mortar shopping in the foreseeable future. Digital shifters are in it for the long haul, believing it will take an average of 426 days before they are likely to return to shopping the way they once did. This means that the average consumer does not expect to return to their prepandemic shopping habits for more than a year.

All consumers are shifting to digital commerce channels, none more so than retail shoppers.

Consumers are especially fond of buying certain types of products online, most notably nongrocery retail items such as clothing, beauty and healthcare products, jewelry, books and games. Thirty-seven percent of all adult U.S. consumers — some 93 million people — have gone digital to make purchases, representing 48 percent of all retail shoppers.

FIGURE 2:

How much longer consumers expect the pandemic to last

Average number of days consumers believe it will take before their lives will go back to normal, by degree of shift

Did not shift any activity
327

Shifted, but will reverse all shifts later
363

Shifted and will keep some of at least one shifted activity
426

This means that four times as many consumers have shifted from shopping for retail goods in stores to shopping for them online during just the past six months. This is 29 percentage points more than those who shifted digital to buy groceries and 33 percentage points more than those who shifted digital to order food from restaurants, showing that consumers are all in on eCommerce retail purchases.

It is important to understand how many consumers shopped online for retail, food and grocery purchases before the pandemic to comprehend just how widespread the digital shift has become. Forty-eight percent of consumers now shop for retail products online, up from the 12 percent who did so on March 6. All told, the number of consumers who make retail purchases online has increased four times in just six months.

This is not to underplay just how many consumers have made digital shifts for other types of purchases, however. Fewer consumers may be shopping online for groceries overall, but the shift for such purchases has been even larger than it has for retail shopping. Nineteen percent of all consumers now say they buy groceries online, compared to just 4 percent who did so on March 6. This means consumers are

five times more likely to be buying groceries online now than they were just before the pandemic began.

The digital shift appears less pronounced when we look at how many consumers have shifted to ordering from restaurants online as opposed to dining on site, but there are still far more consumers ordering online now than there were just six months ago. Our research shows that 14 percent of consumers now order from restaurants online, whereas 4.7 percent did so on March 6, meaning that three times

as many consumers have shifted from eating in restaurants at the pandemic's onset to ordering online.

These digital shifts are more than a passing fancy.

Fewer consumers report wanting to shop in physical stores, and less than one in seven consumers who have shifted to digital for retail purchases say they will revert to their prepandemic shopping habits. That number is fewer than one in five for those who are now buying groceries online.

Consumers are not only growing less willing to shop in stores. They are also more likely to say they intend to keep shopping online — even after the pandemic is over. Our survey shows that 49 percent of retail shoppers say they are shopping online more often now than they did before the pandemic and plan to continue these habits. Forty-three percent of grocery shoppers who say they are shopping for groceries online and 36 percent of restaurant customers who are ordering takeout online more often now than prior to the pandemic plan to continue doing so once the health crisis recedes.
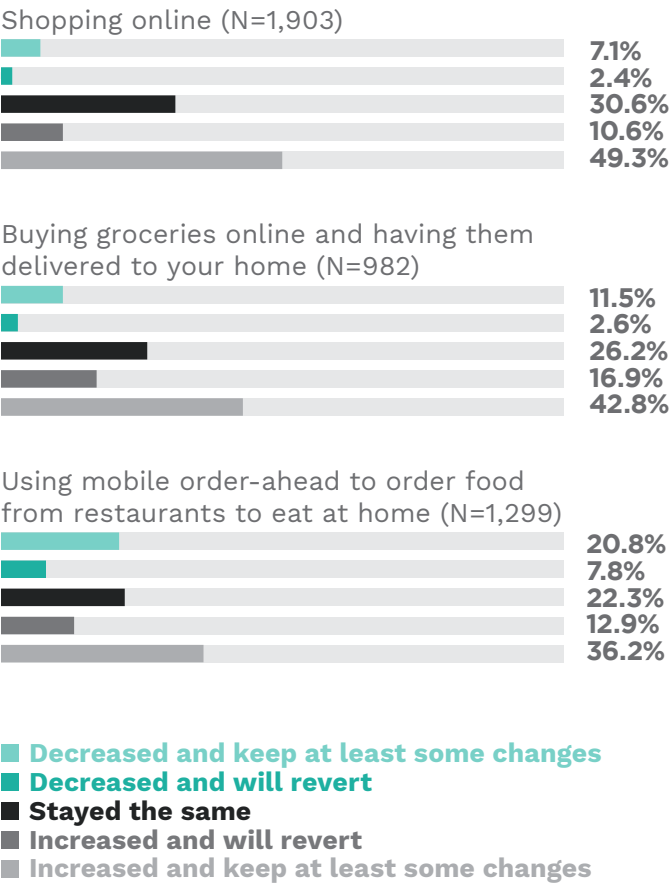
Evolution of shifters among each activity segment

Portion of consumers performing select activities who have shifted to performing them online, by date
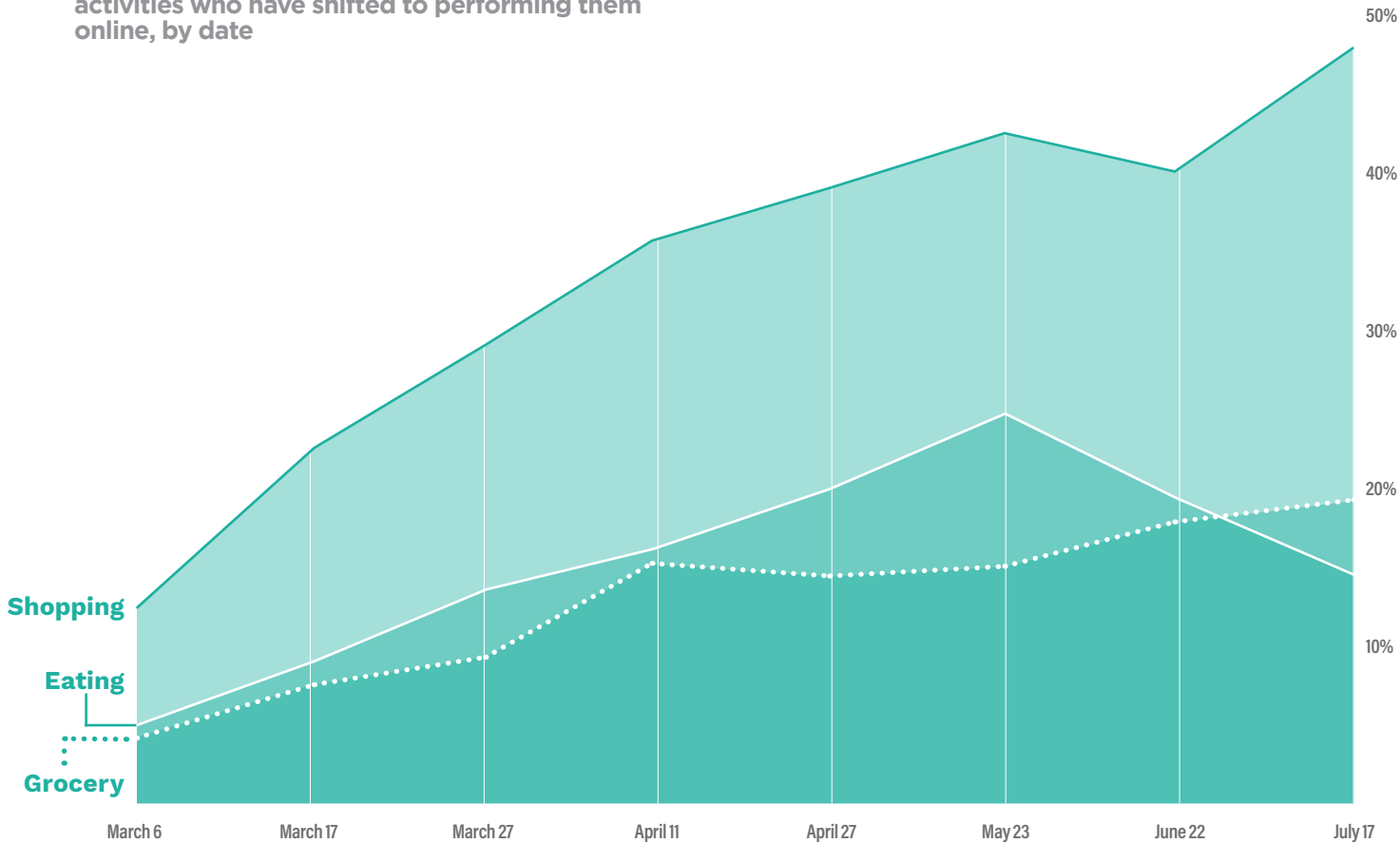
Changes in current activities

Portion of consumers who have modified their routines in select ways who plan to keep or revert those changes after pandemic ends

Shopping online (N=1,903)

	7.1%
	2.4%
	30.6%
	10.6%
	49.3%

Buying groceries online and having them delivered to your home (N=982)

	11.5%
	2.6%
	26.2%
	16.9%
	42.8%

Using mobile order-ahead to order food from restaurants to eat at home (N=1,299)

	20.8%
	7.8%
	22.3%
	12.9%
	36.2%

■ Decreased and keep at least some changes
■ Decreased and will revert
■ Stayed the same
■ Increased and will revert
■ Increased and keep at least some changes

PART II

Establishing Trust In A Digital-First World

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**First impressions matter for first-time digital shoppers.**

What must merchants do to inspire enough trust in casual browsers to convince them to make purchases for the first time?

There is no one answer to this question, but our research shows that a slick website design can go a long way in making a strong first impression and inspiring trust in eCommerce shoppers. Twenty percent of consumers rely on visual and social cues when deciding whether a new-to-them merchant gets their business and say that the cues are the most important factors there are for building trust in retailers. This means that consumers are more likely to trust merchants when their sites are easy to use and navigate, those which accept popular digital wallets, such as Google Pay, Amazon Pay , Apple Pay and those which they have heard about through family or friends.

Factors that can help build consumers' trust in eCommerce sites:

Visual cues and social cues: **20%**
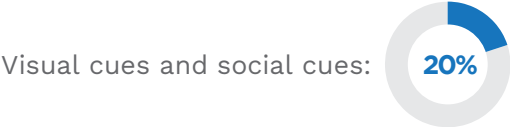
✔ Overall quality of the site
✔ Presence of familiar payments brands
✔ Presence of familiar digital wallets
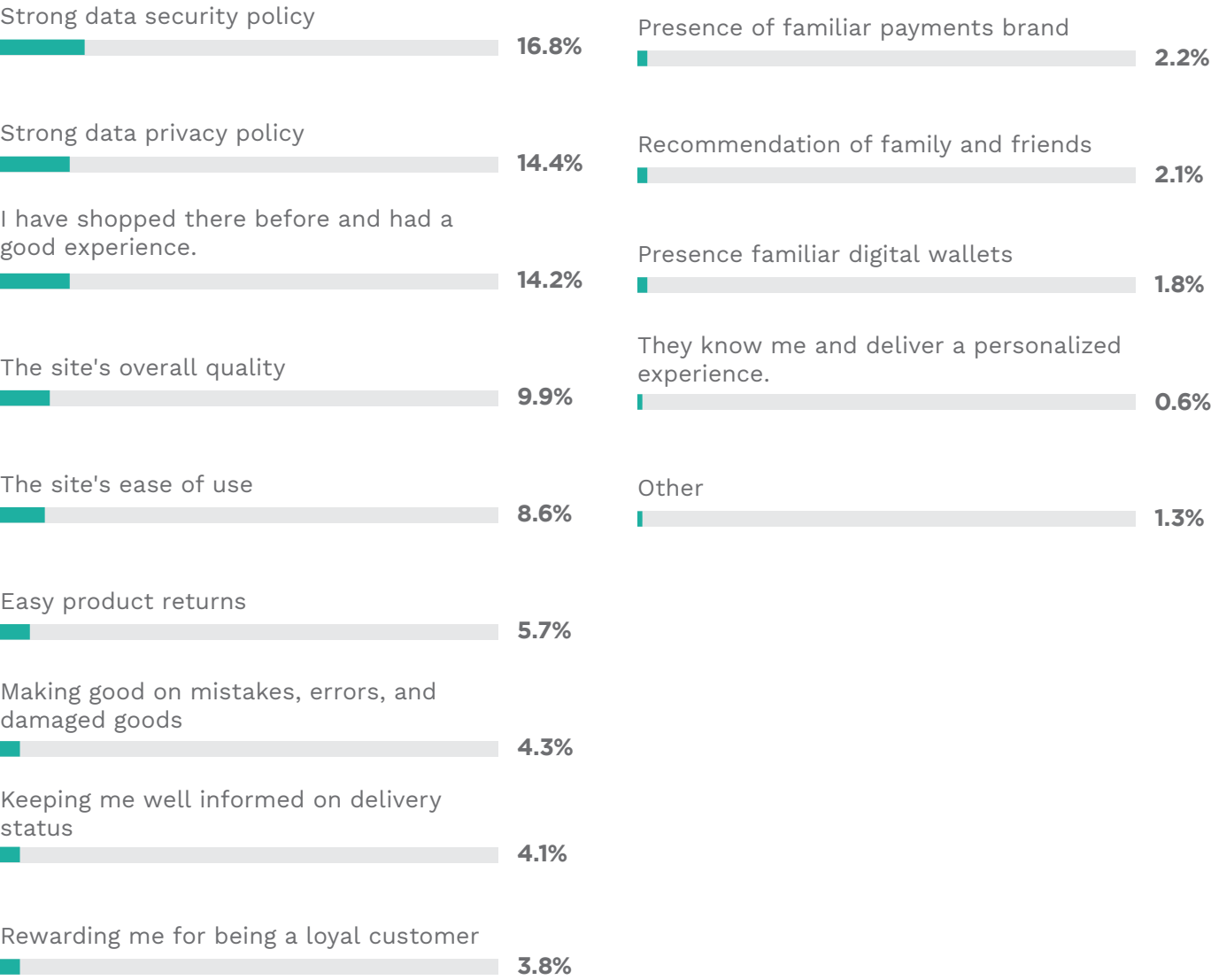✔ Reviews and recommendations
✔ Recommendations from family and friends

Experience factors: **79%**
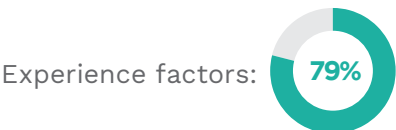
✔ Good previous experience
✔ Site's ease of use
✔ Strong data privacy policy
✔ Strong data security policy
✔ Easy to return products
✔ Makes good on mistakes
✔ Can deliver personalized experiences
✔ Keeps me well informed on delivery statuses
✔ Offers product and service guarantees
✔ Rewards me for being a loyal customer
✔ Accessible live help

The remaining 1 percent of consumers cited "other" factors as the most important that merchants can provide to earn their trust.

FIGURE 5:

Which factors consumers consider to be most important for building trust

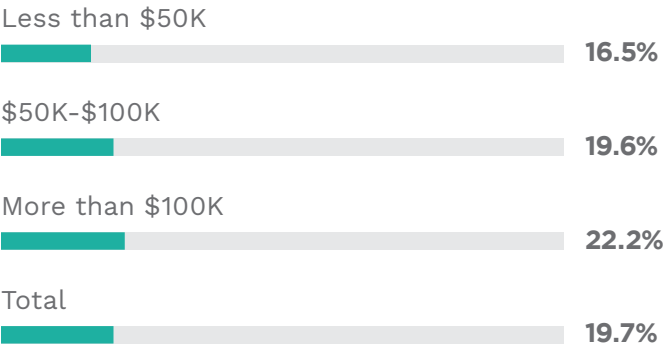**Share of consumers who cite select features as the most important for building trust in merchants**

Strong data security policy
16.8%

Strong data privacy policy
14.4%

I have shopped there before and had a good experience.
14.2%

The site's overall quality
9.9%

The site's ease of use
8.6%

Easy product returns
5.7%

Making good on mistakes, errors, and damaged goods
4.3%

Keeping me well informed on delivery status
4.1%

Rewarding me for being a loyal customer
3.8%

Availability of reviews and recommendations
3.6%

Offering product on service guarantees
3.5%

Accessible live help
2.9%

Presence of familiar payments brand
2.2%

Recommendation of family and friends
2.1%

Presence familiar digital wallets
1.8%

They know me and deliver a personalized experience.
0.6%

Other
1.3%

FIGURE 6:

Importance of visual and social cues for consumers as an indication of trust

6A: Percentage of consumers who say select visual and social cues as most important feature merchants can provide to build trust, by generation

Baby boomers and seniors
13.4%

Generation X
15.3%

Bridge millennials
24.1%

Millennials
27.3%

Generation Z
32.2%

Total
19.7%

6B: Percentage of consumers who say select visual and social cues as most important feature merchants can provide to build trust, by annual income

Less than $50K
16.5%

$50K-$100K
19.6%

More than $100K
22.2%

Total
19.7%
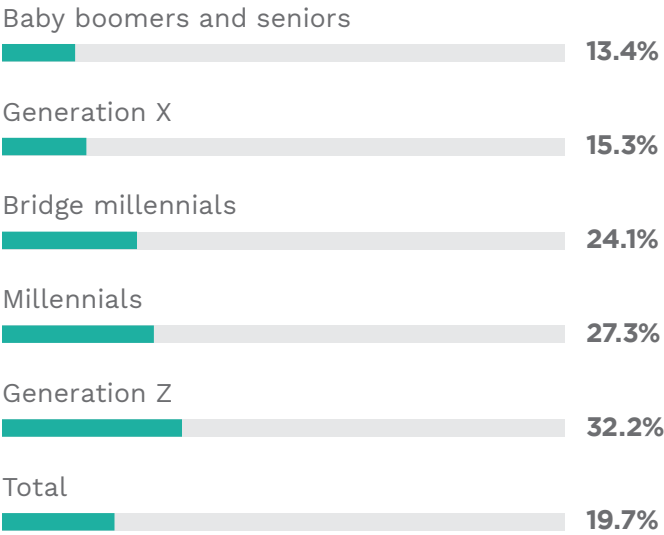
Visual and social cues like these are important to consumers of all ages and income brackets, albeit to varying degrees. Generation Z and millennials put more stock in sites' usability, design and reputation than consumers in any other generation, with 32 percent and 27 percent, respectively, saying that factors like these are the most important for feeling more confident in a site's trustworthiness. Bridge millennials and Gen X are the third- and fourth-most likely age groups to say that visual and social cues are the most important for merchants to offer to earn their trust, with 24 percent and 15 percent, respectively, saying so.
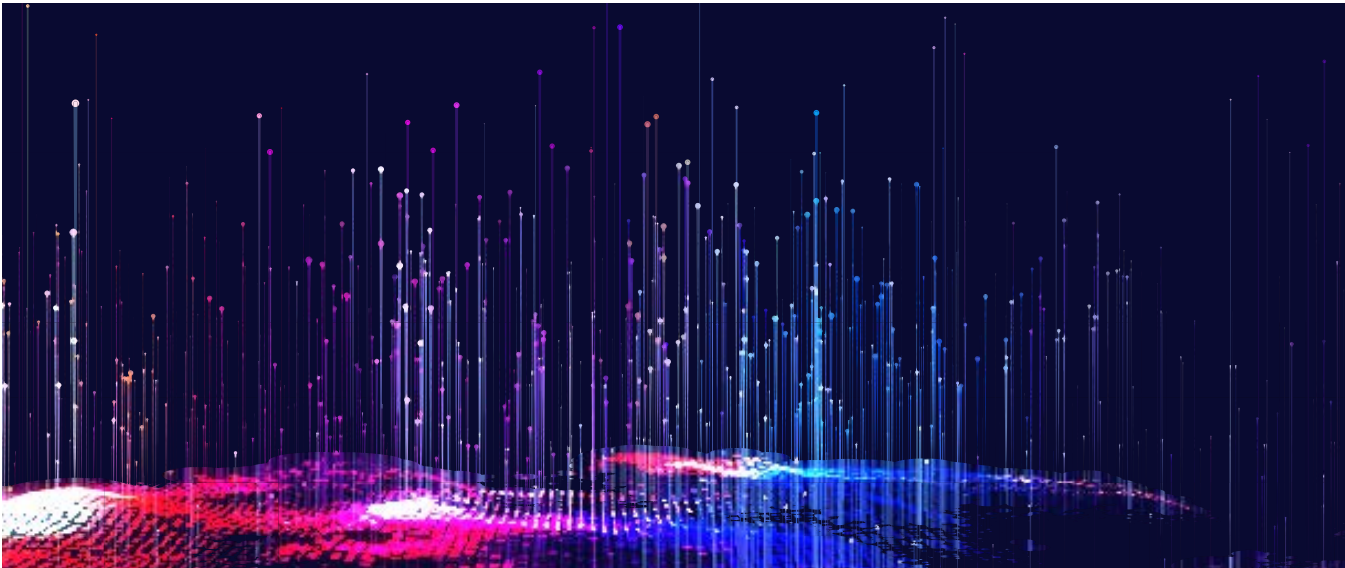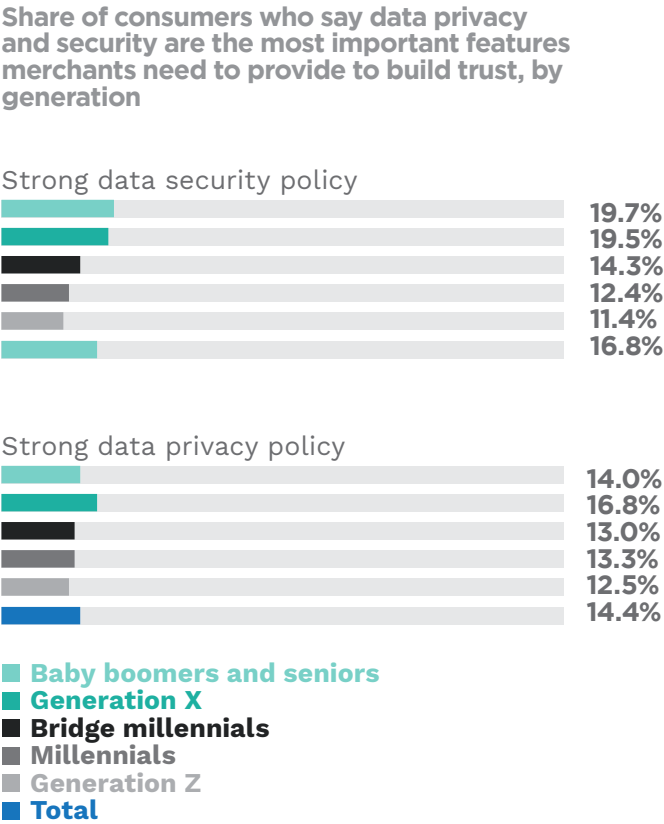
The degree to which consumers pay attention to visual and social cues such as site design and usability also vary by their income levels. High-income consumers — those earning more than $100,000 per year — are the most likely of all to say that these cues are the most important factors needed to help build their trust in merchants' sites, as 22 percent say so. This compares to 20 percent of mid-income consumers — those earning between $50,000 and $100,000 per year — and 16 percent of low-income consumers, who earn less than $50,000 per year.

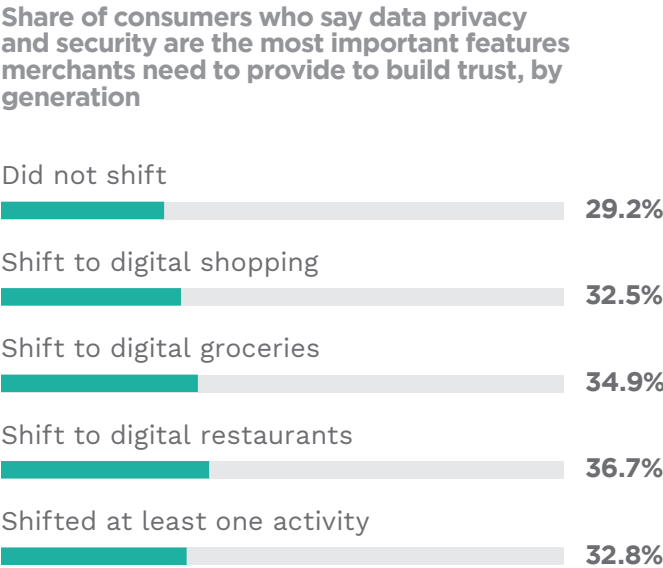**The trust checklist: Key points eCommerce merchants must keep in mind**

– Trust but help them verify. Site design and usability, the presence of familiar payment brands and buy buttons and reviews and recommendations send important "go/no" buying signals to first-time digital shoppers.

– Baby boomers are not the only ones who feel this way. Consumers of all generations rely on these cues. Twenty-seven percent of millennials and 32 percent of Gen Z consumers trust sites that provide relevant visual and social cues.

– First impressions matter most to those who worry most about their money. High-income, paycheck-to-paycheck consumers place the most importance on these social and visual cues.

The importance of data privacy and data security for building trust

Share of consumers who say data privacy and security are the most important features merchants need to provide to build trust, by generation

Strong data security policy

	19.7%
	19.5%
	14.3%
	12.4%
	11.4%
	16.8%

Strong data privacy policy

	14.0%
	16.8%
	13.0%
	13.3%
	12.5%
	14.4%

- ■ **Baby boomers and seniors**
- ■ **Generation X**
- ■ **Bridge millennials**
- ■ **Millennials**
- ■ **Generation Z**
- ■ **Total**

Consumers place different degrees of importance on data privacy and security depending on the activities they have shifted online. Restaurant shifters place a higher value on data privacy and security than the rest, for example, with 37 percent of these consumers citing the features as the most important ones merchants can offer to win their trust. This is compared to 35 percent of consumers who have shifted to grocery shopping online. Consumers who have transitioned to retail shopping online are the least likely to cite data privacy and security as the most important factors for building trust, at 33 percent.
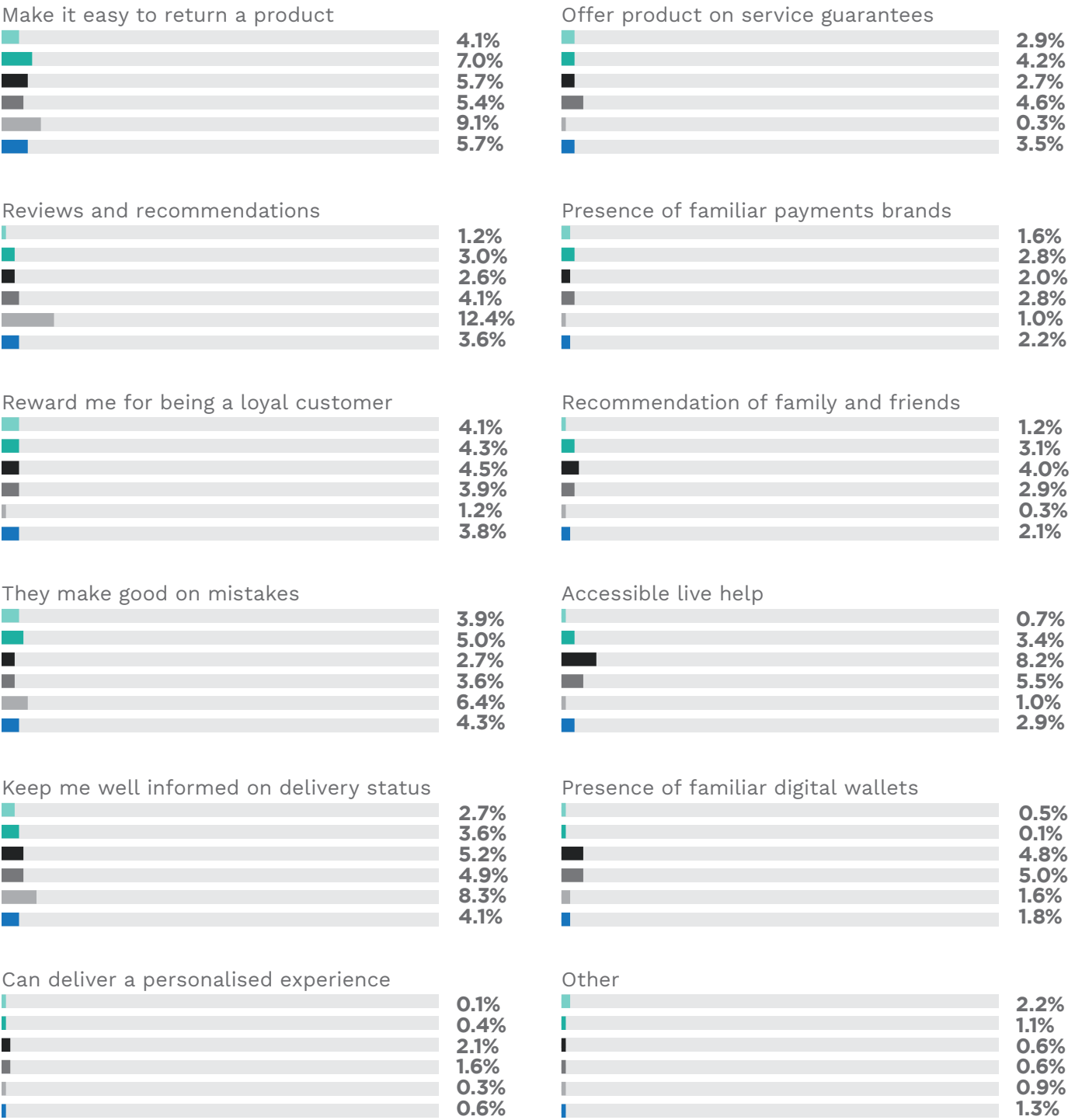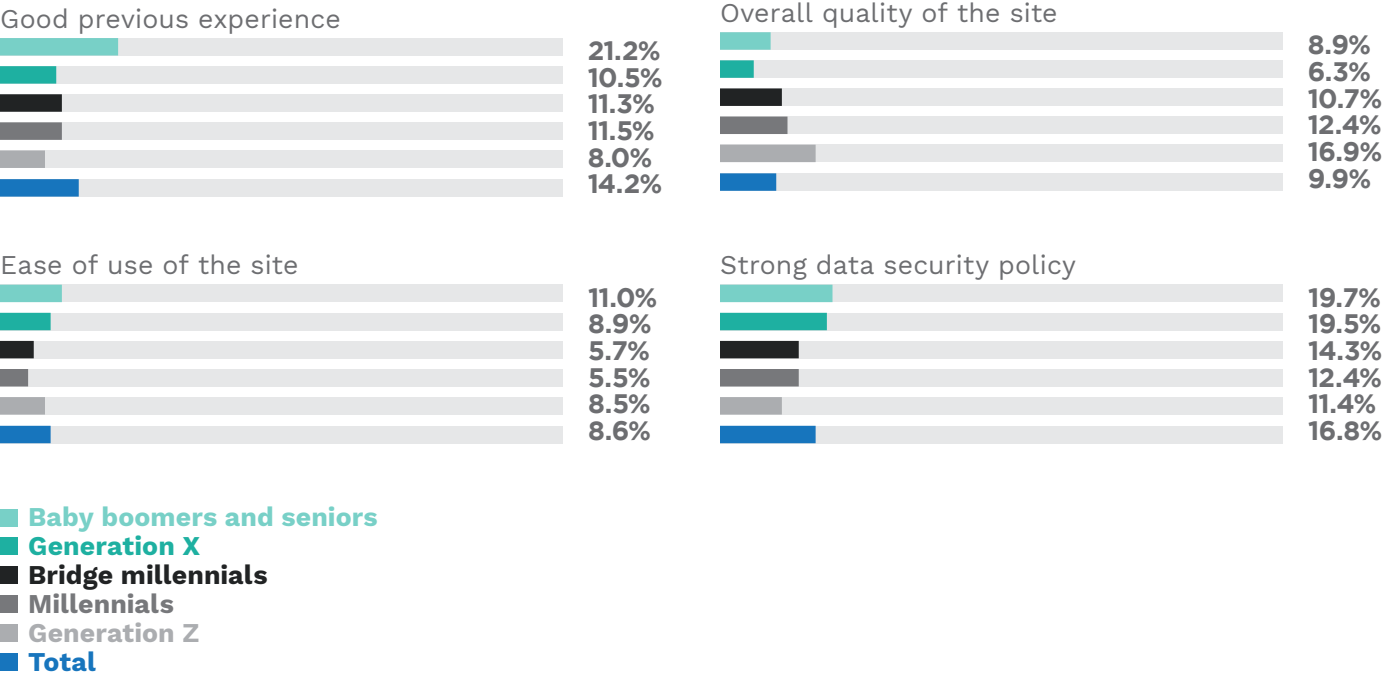
The importance of data privacy and security in building trust

Share of consumers who say data privacy and security are the most important features merchants need to provide to build trust, by generation

Did not shift
29.2%

Shift to digital shopping
32.5%

Shift to digital groceries
34.9%

Shift to digital restaurants
36.7%

Shifted at least one activity
32.8%

Baby boomers and seniors tend to value having prior shopping experiences with merchants above all else more than other demographics, at 21 percent. This number was just 12 percent for millennials and 11 percent for Generation X. This goes to show that great digital experiences matter more to Gen X and Gen Z than first impressions.

Which factors consumers of different generations consider to be most important for building trust

Share of consumers who cite select features as the most important for building trust, by generation

Good previous experience
- 21.2%
- 10.5%
- 11.3%
- 11.5%
- 8.0%
- 14.2%

Ease of use of the site
- 11.0%
- 8.9%
- 5.7%
- 5.5%
- 8.5%
- 8.6%

- ■ **Baby boomers and seniors**
- ■ **Generation X**
- ■ **Bridge millennials**
- ■ **Millennials**
- ■ **Generation Z**
- ■ **Total**

Strong data privacy policy
- 14.0%
- 16.8%
- 13.0%
- 13.3%
- 12.5%
- 14.4%

Overall quality of the site
- 8.9%
- 6.3%
- 10.7%
- 12.4%
- 16.9%
- 9.9%

Strong data security policy
- 19.7%
- 19.5%
- 14.3%
- 12.4%
- 11.4%
- 16.8%

Make it easy to return a product
- 4.1%
- 7.0%
- 5.7%
- 5.4%
- 9.1%
- 5.7%

Reviews and recommendations
- 1.2%
- 3.0%
- 2.6%
- 4.1%
- 12.4%
- 3.6%

Reward me for being a loyal customer
- 4.1%
- 4.3%
- 4.5%
- 3.9%
- 1.2%
- 3.8%

They make good on mistakes
- 3.9%
- 5.0%
- 2.7%
- 3.6%
- 6.4%
- 4.3%

Keep me well informed on delivery status
- 2.7%
- 3.6%
- 5.2%
- 4.9%
- 8.3%
- 4.1%

Can deliver a personalised experience
- 0.1%
- 0.4%
- 2.1%
- 1.6%
- 0.3%
- 0.6%

Offer product on service guarantees
- 2.9%
- 4.2%
- 2.7%
- 4.6%
- 0.3%
- 3.5%

Presence of familiar payments brands
- 1.6%
- 2.8%
- 2.0%
- 2.8%
- 1.0%
- 2.2%

Recommendation of family and friends
- 1.2%
- 3.1%
- 4.0%
- 2.9%
- 0.3%
- 2.1%

Accessible live help
- 0.7%
- 3.4%
- 8.2%
- 5.5%
- 1.0%
- 2.9%

Presence of familiar digital wallets
- 0.5%
- 0.1%
- 4.8%
- 5.0%
- 1.6%
- 1.8%

Other
- 2.2%
- 1.1%
- 0.6%
- 0.6%
- 0.9%
- 1.3%

PART III

Voice As The Ultimate Touchless Commerce Experience

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Consumers are embracing voice as a key touchless commerce channel.

Voice is emerging as a desirable channel through which consumers can shop and buy without having to come into physical contact with either paper bills or point-of-sale (POS) terminals — often without even leaving their homes. Our research shows that 13 percent of all consumers — some 32 million people in the U.S. — used voice assistants to make a purchase during the 90 days prior to our survey.

The propensity to shop using voice assistants varies widely among consumers of different ages, however. Consumers who use voice assistants are younger than those who do not,

for example, with an average age of 37 years old. This is more than 10 years younger than the average individual who does not use voice assistants, who is 48.6 years old.

FIGURE 10:

How many U.S. consumers use voice assistants

10A: Number of U.S. adults we estimate to be using voice assistants

Has used voice assistant to make online purchases in the last 3 months
32M

Has not used voice assistant to make online purchases in the last 3 months
161M

Has not engaged in online shopping since mid-March
56M

10B: Share of U.S. adults who use voice assistants

Has used voice assistant to make online purchases in the last 3 months
12.9%

Has not used voice assistant to make online purchases in the last 3 months
64.8%

Has not engaged in online shopping since mid-March
22.3%

10C: Average age of U.S. adults who do and do not use voice assistants

48.6
Has not used voice assistant to make online purchases in the last 3 months

37.5
Has used voice assistant to make online purchases in the last 3 months
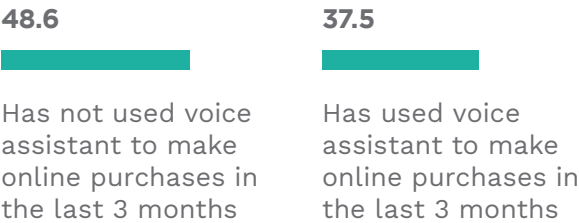
An affinity for voice assistants tends to go hand in hand with consumers' propensity to make purchases on their smartphones. Voice assistant users are more likely to shop using their smartphones than consumers who do not shop using voice assistants, as 90 percent of voice assistant users have made purchases with their smartphones in the past three months. We found that 73 percent of consumers who have not used voice assistants in that time shopped via mobile.

FIGURE 11:
How consumers' usage of voice assistants relates to their propensity to shop via mobile

Share of consumers who have or have not used mobile phones to make online purchases in the past three months, by whether they use voice assistants

Has used voice assistant to make online purchases in the last 3 months
90.4%
52.3%

Has not used voice assistant to make online purchases in the last 3 months
73.1%
37.2%

■ **Has not shopped through mobile devices (nongrocery retail)**
■ **Has increased usage of mobile devices (nongrocery retail)**
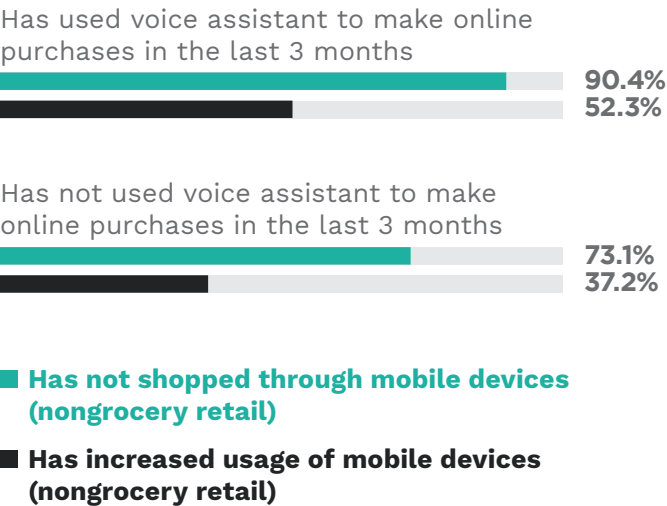
Need to have one to use one: The biggest inhibitor to voice commerce is not owning a voice-activated device.

Voice-enabled commerce is still relatively new. There are many consumers who do not use voice assistants, but the most common reason they give for not using them is simply that they have never used them before. Fifty percent of consumers who do not use voice assistants do not have one or understand how they work.

FIGURE 12:
Why different generations do or do not use voice assistants

Share of consumers who do not use voice assistants who say they do not use them either because they do not own one or because they do not know how they work, by generation

Baby boomers and seniors
57.8%

Generation X
44.4%

Bridge millennials
35.4%

Millennials
41.9%

Generation Z
53.3%

Total
49.6%
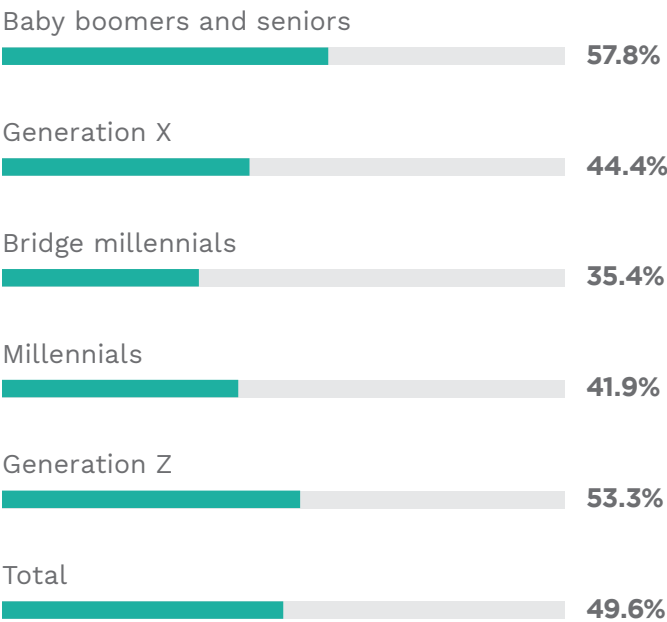
Digitally native millennials and bridge millennials are noticeably more likely than other generations to cite lack of familiarity as their reason for not using voice assistants. Just 35 percent of bridge millennials and 42 percent of millennials who do not use voice assistants say it is because they do not have them or know how they work. This number is 53 percent and 58 percent for Gen X and baby boomer consumers, respectively, who do not use voice assistants. It is safe to say that a lack of familiarity breeds a lack of trust when it comes to voice assistants. This places pressure on merchants to find ways to overcome this lack of trust.

Boosting voice commerce adoption starts with making a good first impression.

Increasing consumers' trust and interest in voice assistants will hinge on whether merchants can make consumers feel comfortable using and trusting them. This will require a good first impression. The question thus becomes: How can merchants ensure that their voice capabilities make a good first impression on consumers who have never used voice recognition technology to shop and pay?

One way merchants can help inspire trust in voice capabilities is to provide visuals on consumers' smartphones or computer screens, for example, that can be watched while they use voice assistants to navigate websites. Our research shows that 33 percent of consumers do not use voice assistants to make purchases because they cannot see the products, suggesting that they might be more willing to purchase products via voice assistant if they have visual confirmation that they are purchasing the right items.

### FIGURE 13:
Why some consumers do not use voice assistants

Share of consumers who do not use voice assistants who cite select reasons

I do not have a voice activated speaker.
33.2%

It is harder to buy the things that I like to buy without seeing the item first.
32.5%

I do not trust that it is secure.
31.1%

I do not believe that my data is kept private.
21.5%

I do not know how payments via voice assistants work.
21.2%

I do not believe that it will work.
11.8%
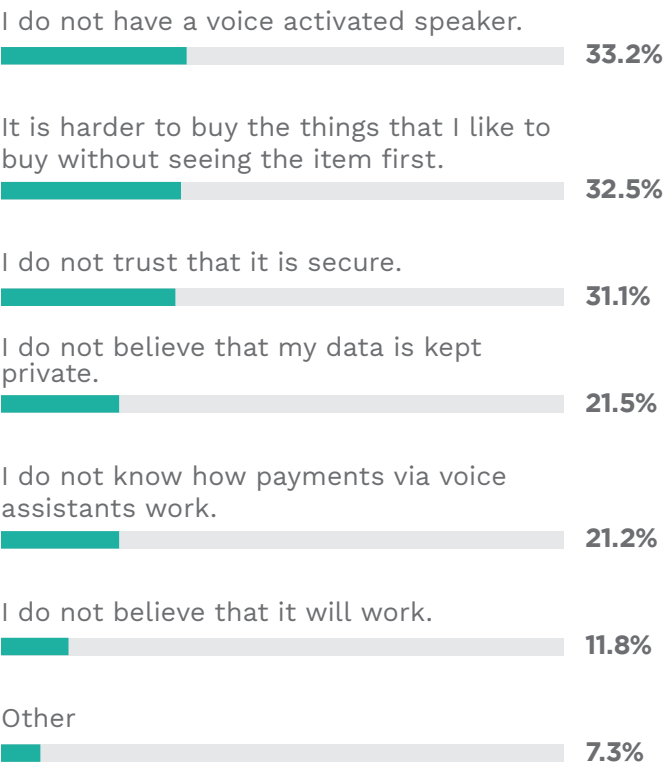
Other
7.3%

Another way merchants might be able to boost consumers' confidence in voice assistants is by enabling "test drives" that would allow customers to use them to perform low-risk activities and transactions. One example would be to allow them to use voice assistants to receive delivery notifications. Our survey found that 20 percent of all consumers would be willing to use voice assistants to receive delivery

How consumers would be willing to use voice assistants

Share of consumers who would be willing to use voice assistants for select purposes

Making donations

8.5%

Shopping for products

11.4%

Receiving delivery notifications

20.2%
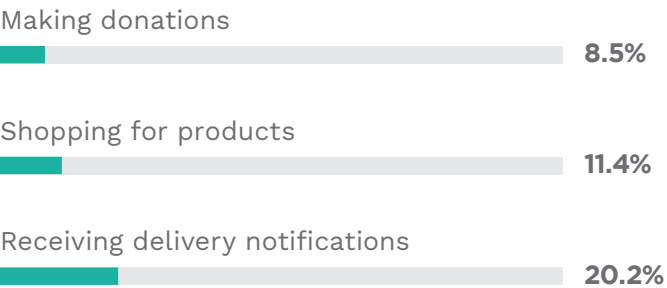
notifications, while just 11 percent would be willing to use them to shop and 8 percent would be willing to use them to make donations.

Consumers who have no prior experience using voice assistants might be hesitant to use them for any function that would require them to part with their hard-earned money, making them more willing to use the technology to access services such as delivery notifications that give them insight regarding purchases they have already made. This means that offering voice assistant-enabled services could help consumers get comfortable and familiar with the technology, providing them a chance to dip their toes into the world of voice-enabled customer service before jumping all in on voice-enabled shopping.

Conclusion/
Methodology

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CONCLUSION

The U.S. economy may never be what it once was, as fewer consumers want to go back to shopping in stores, but that does not mean that businesses cannot thrive online. Merchants looking to succeed in this new digital-first economy must not only create websites that are both visually appealing and easy-to-use but also make sure that those sites provide the brand-name buy buttons and payment platforms that consumers know and trust. Hitting all the right notes on these visual cues can go a long way in making a good first impression on first-time shoppers, and they must be accompanied with shopping features that can help deliver the shopping experiences consumers expect. This means providing them with real-time order status updates, making it easy to return products, having loyalty and rewards programs and providing strong data security and privacy policies.

METHODOLOGY

For the Inspiring Trust In The New Digital Economy report, PYMNTS surveyed a census-balanced panel of 2,437 U.S. consumers to learn about what eCommerce merchants can do to gain consumers' trust and how consumers' expectations of eTailers tend to vary according to demographic factors such as age, income and financial security. Our analysis also focused on examining how their propensity to use digital shopping channels has changed as the COVID-19 pandemic has progressed, the extent to which they intend to maintain these new digital shopping habits after the pandemic is over and what it might take before they feel comfortable resuming activities outside the home.

ABOUT

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

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