

Digital trust from the customer's perspective

A qualitative study
in Switzerland



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At the first Swiss Global Digital Summit 2019 in Geneva, top representatives from globally active companies, the scientific community and renowned international organizations met to discuss ethics and fairness in the digital age. One urgent topic in particular emerged: trust is a defining issue.

But what exactly does trust mean in the digital world and how can trust be built?

This question is explored by the Swiss Digital Initiative in this study to better understand what trust means from the customer's perspective. As in the analogue world, trust in the digital space is a complex construct, influenced by context and various factors. It is not only about aspects such as security, but also about reliability and responsibility. And last but not least: trust cannot be mandated – also in the digital world. You have to earn it.

A digital trust label could be a step in this direction and create orientation and transparency for the user in a simple way. This publication is therefore helpful in developing such a digital trust label and presents six key findings on trust in the digital world.

Doris Leuthard
President Swiss Digital Initiative

About the study

To assess the Swiss population's mindset regarding trust in the digital world, a qualitative study was carried out in November 2019. Interviews with 35 people of different ages and genders were conducted in four different cities in Switzerland, each lasting approx. 60 minutes. The study was undertaken by Prof. Bruhn & Partner AG, an independent strategy consulting company from Basel, Switzerland with a focus on customer centricity and service business development.

The following results represent the perspective of the 35 respondents. The study was explorative in nature and thus makes no claim to be representative, complete or generalizable.

Key Findings

Insight 1

Trust in the digital world is an important and sensitive topic that concerns almost all customers

Insight 2

Trust in the digital world is very complex and not limited to security and privacy topics

Insight 3

Trust in the digital world is closely linked to offline experience with the company or provider

Insight 4

The context is crucial for building up trust in the digital world

Insight 5

The perceived balance between risks and benefits of a service is decisive when choosing a digital service

Insight 6

A digital trust label can minimize the perceived risk for some customers, but its effectiveness depends on the customer-centric design of the label

Insight 1

Trust in the digital world is an important and sensitive topic that concerns almost all customers

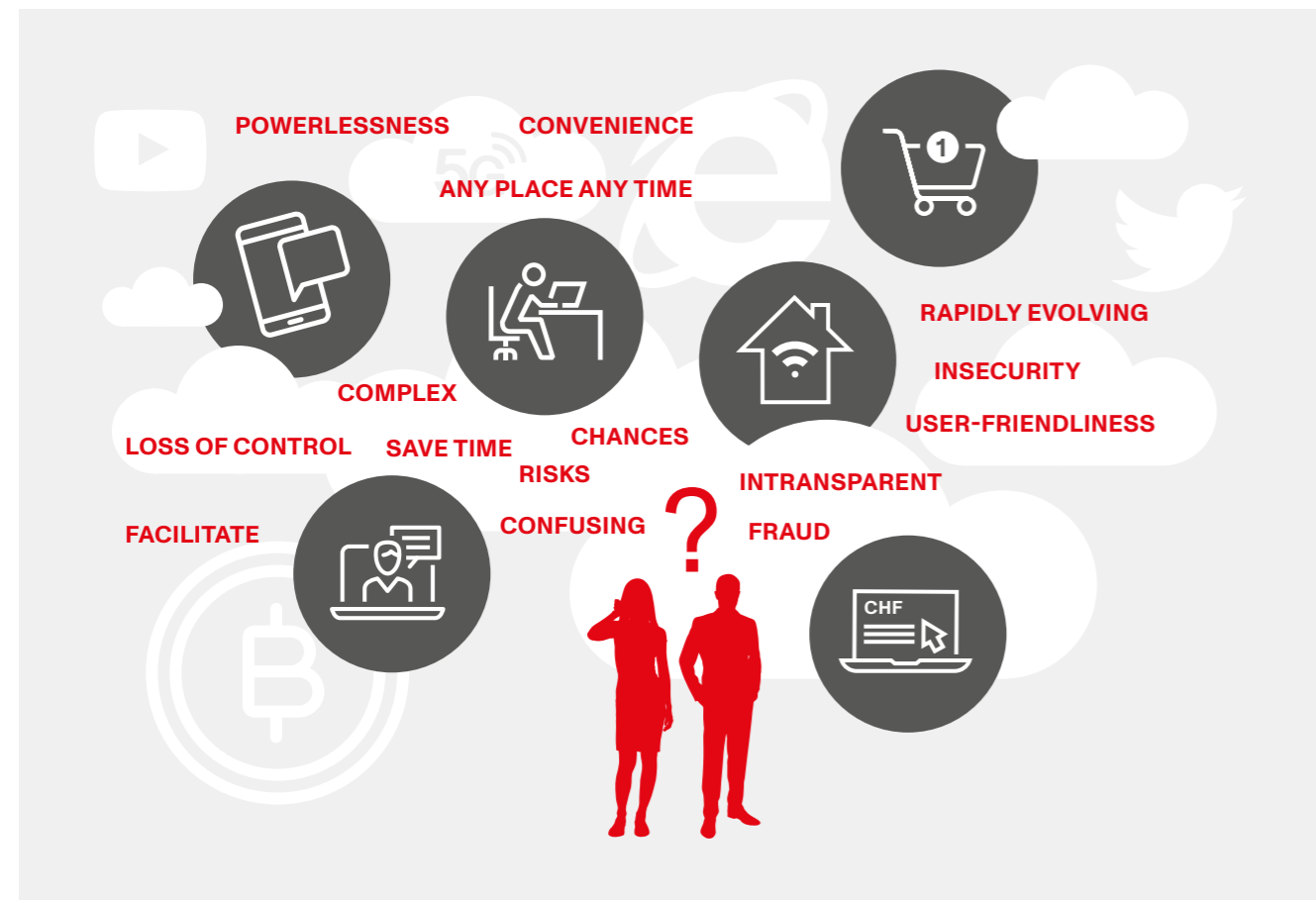
As it is nearly impossible to withdraw oneself from the internet completely nowadays, all customers are concerned with the subject of trust in the digital world. Therefore, companies cannot afford to ignore this topic, which poses great opportunities but also risks for them.

Few topics are as ubiquitous and controversial as the advance of digitalization, which is gaining control over almost every aspect of our lives. In this respect it does not come as a surprise that trust in the digital world has become increasingly relevant.

From a customer's perspective, trust in the digital world is the feeling to be able to move and communicate freely and without discomfort in the internet. However, customers

tend to have a very critical view on trust in the digital world, due to the complexity and the lack of transparency and knowledge. According to them, 100% security can never be guaranteed, which makes many people feel a sense of vulnerability and powerlessness in the digital world.

Because trust in the digital world is a highly complex and ever-changing topic with many different facets, there is no magic recipe for gaining customer trust. Trust cannot be mandated; you have to earn it. Companies need to put this topic on their agenda regularly and re-evaluate themselves constantly.



“You have to be careful. I wouldn’t post anything on Social Media that I wouldn’t shout out loud on a busy street!”

female, 44

“Trust in the digital world is important to me because of my lack of knowledge and my inability to protect myself properly.”

female, 33

“I will never be able to trust the internet one hundred percent. I’ve heard too many bad stories.”

male, 24

Insight 2

Trust in the digital world is very complex and not limited to security and privacy topics and privacy topics

From a customer's perspective, trust is not limited to security and privacy topics. It also encompasses the reliability as well as social and ethical responsibility of the service provider. In this context, reliability is a prerequisite.

The basic requirement to build up trust in the digital world is reliability. This includes (1) the reliability of the digital service/technique itself (e.g. app stability, usability, correct billing, etc.) and (2) the reliability of the service provider (e.g. on-time delivery of goods). Reliability is a prerequisite for all other facets of trust.

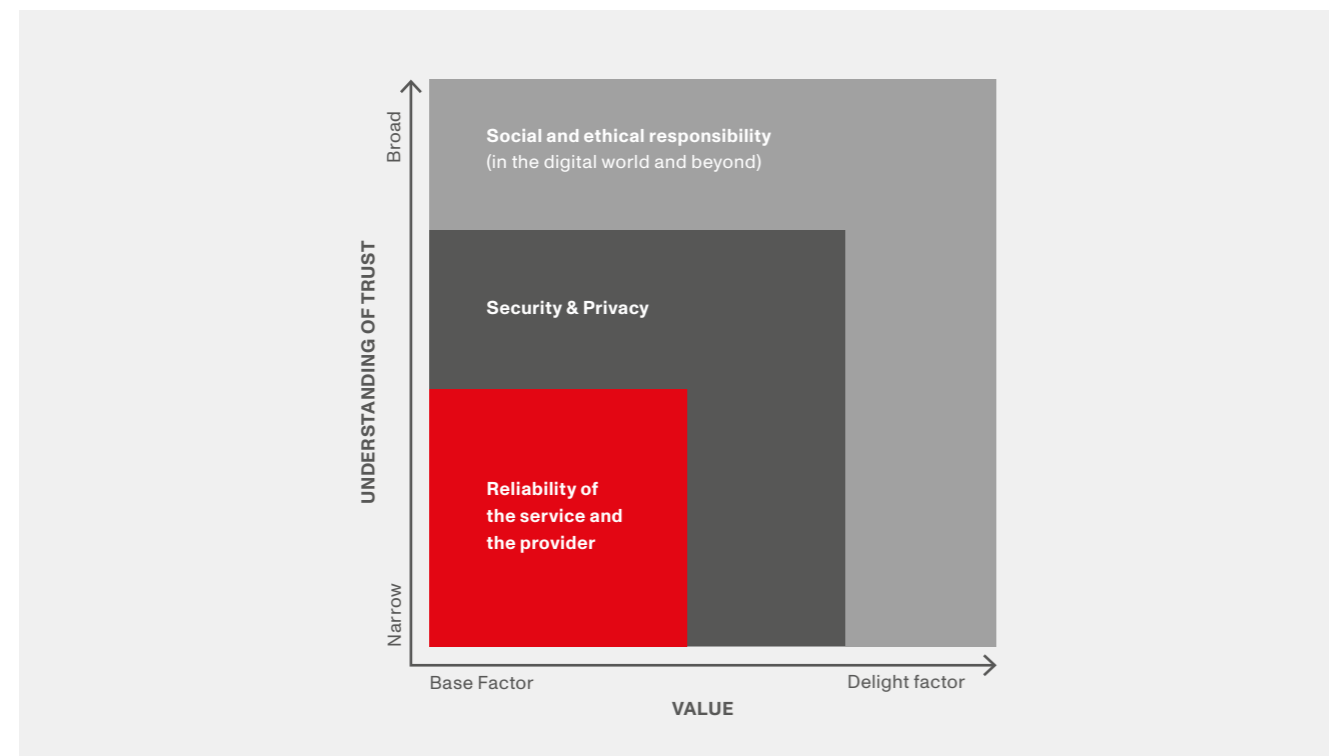
Moreover, trust in the digital world includes responsible data management (e.g. transparency and control of data handling, no misuse of data, etc.) and security (e.g. protecting data from cyber attacks). From the customer's perspective, security and privacy cannot be considered

individually because they depend on each other. Without the necessary security measures, data protection cannot be guaranteed.

In a broader sense, trust in the digital world also encompasses social and ethical responsibility – and should also be connected to the general behavior of the service provider in this direction. Companies are expected to take on responsibility in the digital as well as the offline world. In the online world this could mean protecting customers from fraud and misinformation, protecting vulnerable groups such as children from explicit content and preventing cyber-mobbing.

When managing digital trust, companies should implement a holistic approach and take into consideration all three levels of trust from the customer's perspective. Digital trust initiatives should not be limited to security and data protection issues only.

FACETS OF TRUST IN THE DIGITAL WORLD FROM THE CUSTOMERS' PERSPECTIVE



“I distrust companies in the internet if I know that they don't act sustainably. There are for example many retailers that destroy the goods that are sent back. I wouldn't order from them.”

female, 23

“Trust for me means knowing that a company will do everything possible to protect its customers from cyber crime and data misuse. Even if complete security can never be guaranteed.”

female, 50

“If a service is unreliable, I will not use it. For example, if an app crashes two or three times, I will deinstall it.”

male, 36

Insight 3

Trust in the digital world is closely linked to offline experience with the company or provider

Experiences in the offline world, such as the reliability of a provider or ethical responsibility as well as employee behavior, have an influence on trust in the digital world and vice versa.

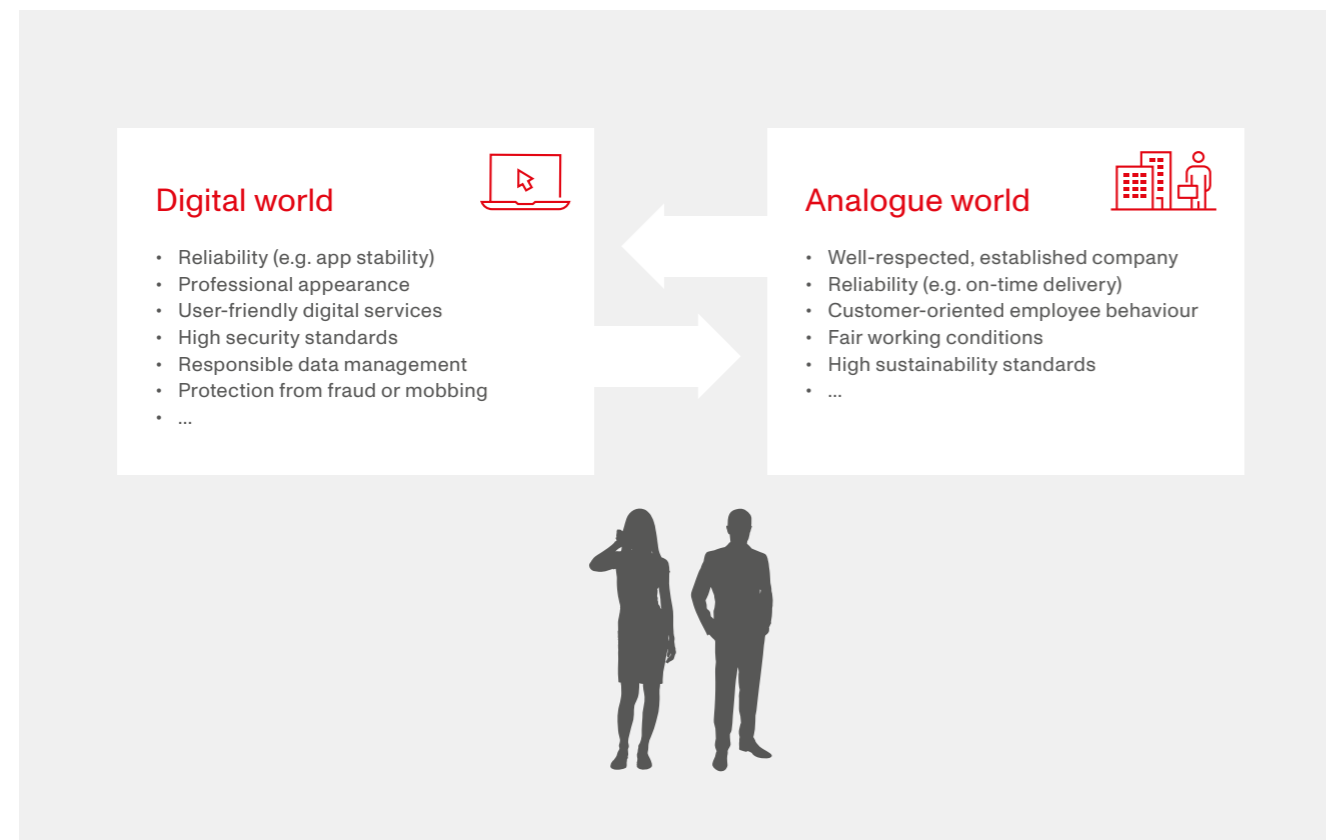
When it comes to trust in the digital world, trust is not only limited to the appearance and behavior of a company online. Customers tend not to differentiate between the on- and the offline world when trusting a company.

To facilitate decision-making and compensate for a potential lack of information, customers use heuristics and draw conclusions from the offline trustworthiness to the online trustworthiness and vice versa. Companies that have been able to prove themselves in the offline world tend to enjoy a higher level of trust on the internet. Furthermore, having the possibility to interact with a real person and visit a

physical store makes it easier for many customers to trust in the digital world. It makes the company appear more approachable and transparent and gives the customers a feeling of security. On the other hand, frequent bad experiences with services of the provider in the offline world (e.g. delays, faulty delivery) might have a negative impact on the customer's trust in the digital world services of the provider.

In conclusion, if companies want to build up trust in the digital world, it is not constructive to focus on the online world separately. If the company is present in the offline world as well, it needs to take a comprehensive approach that strengthens the trustworthiness of the whole company – in the online and offline world.

INTERDEPENDENCE OF PERCEIVED TRUST BETWEEN OFFLINE AND ONLINE WORLD



“Trusting a company is easier when there is a version in the real world. For example in banking – I have the choice to visit my local branch and don’t have to solely rely on e-banking.”

female, 43

“I trust a company in the digital world when I know them and I am familiar with them. For example our local public transport company, it’s reliable and I’ve had many good experiences with them.”

female, 67

“I don’t draw a distinction between the online- and the offline-world. If a company has a sketchy website, that influences my whole impression of them.”

male, 18

Insight 4

The context is crucial for building up trust in the digital world

There are many factors that affect the perceived trustworthiness of a provider or service in the internet. Due to the lack of knowledge, clients often use their intuition when it comes to (mis-) trusting and take into account factors like the company's reputation and motives, past experiences with the company or the sensibility of their data, and many more.

When deciding whether or not to trust a service or company in the digital world, customers normally do not make a profound analysis deliberately. One must have "a good feeling" or at least no uncomfortable feelings. Trust is always context-specific and depends on a variety of company-, service- and person-specific factors – and therefore it is of varying importance in the decision-making process of customers.

For example, a good reputation, professional appearance in the internet and transparency promote trust. But also the perceived efforts to achieve a high level of security have a strong influence on the perception of trustworthi-

ness. A good example to illustrate this is e-banking: even though there is potentially a lot to lose when using it, the perceived risk in the eyes of the customers is comparatively low, as banks are perceived to have invested a lot in security. However, as soon as data collection is seen as the underlying business model, customers become more suspicious. The type of service also influences trust. Services that do not (actively) require any input of data (e.g. retrieval of information on Wikipedia, streaming), less or no data is felt to be disclosed and therefore minor risk is perceived. Finally, the degree of digital (mis-)trust also depends on the customer themselves: the affinity for data protection, the level of technology knowledge as well as the general predisposition to trust have an impact on the importance of digital trust.

As digital trust is always influenced by the context and various factors, companies should evaluate the degree of perceived risk from the customer's perspective for each service case and act accordingly.

DETERMINANTS OF TRUST FROM CUSTOMERS' PERSPECTIVE

Perceived risk		Perceived trust
BUSINESS-RELATED DETERMINANTS		
Foreign country ←	Origin and location of the company	→ Switzerland
Bad ←	Reputation of the company	→ Good
Not professional ←	Professional appearance (layout, impressum, etc.)	→ Professional
Low ←	Familiarity with and reliability of the company	→ High
Only online ←	Presence/proof in the offline world	→ Also offline
Low ←	Perceived efforts/investments in security/privacy	→ High
Low ←	Transparency and confidential handling of data	→ High
High ←	Data as part of the business model	→ Low
SERVICE-RELATED DETERMINANTS		
Low ←	Independence of service (service vs. value-add service)	→ High
Low ←	Perceived security barriers of service (e.g. encryption)	→ High
Low ←	Reputation of service regarding data protection/privacy	→ High
High ←	Perceived submission of personal data (surfing vs. log-in)	→ Low
High ←	Sensitivity of data (e.g. banking)	→ Low
USER-RELATED DETERMINANTS		
Low ←	Level of technological knowledge	→ High
Low ←	General predisposition to trust	→ High
High ←	Affinity to the topic of data protection/privacy	→ Low

"I generally have more trust in companies that are headquartered in Switzerland. I know the law in Switzerland and that it is stricter than in other countries."

female, 62

"I'm basically a suspicious person, so I'm also very careful when using the internet. I wouldn't take any unnecessary risks."

female, 44

"When using e-banking I don't feel worried at all. I know that those are big companies with a reputation at stake, so they will do everything to protect the users. If e-banking isn't safe, what is?"

male, 47

Insight 5

The perceived balance between risks and benefits of a service is decisive when choosing a digital service

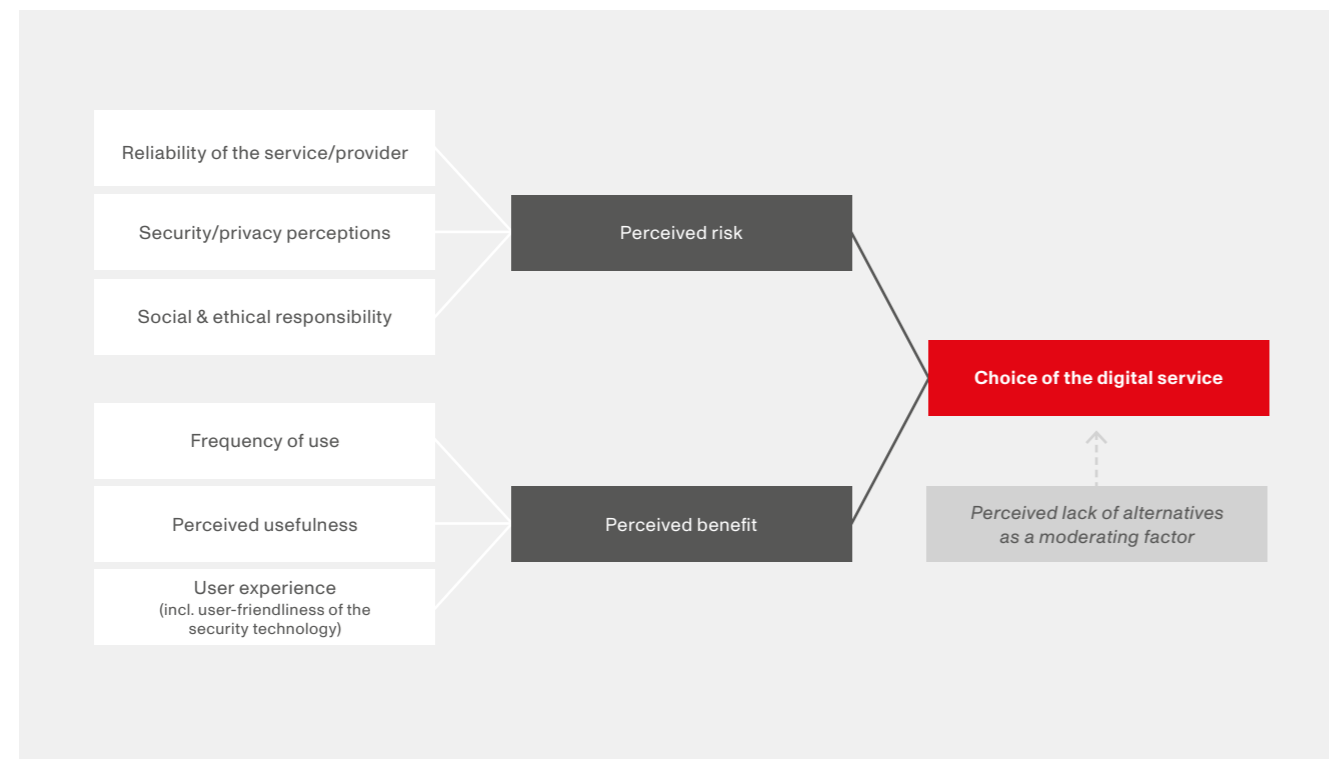
Easy-to-use digital services that are perceived as secure can be a competitive advantage. But if security means extra effort or complications for the customer, it will often be rejected – except for applications with highly sensitive data (e.g. e-banking).

Many customers have concerns about the trustworthiness of digital services. Despite these doubts, many customers act pragmatically and are willing to take certain risks. The reasons are diverse and range from indifference, a lack of knowledge, to poor usability of security technologies and lack of alternatives. In the mental model of customers, various risk and benefit aspects are weighed against each other when choosing digital services. This mostly sub-conscious process determines whether a service is used or not. Risk can be described as the counterpart to a lack of trust in the reliability, security/privacy and social and ethical responsibility of a service/provider. The perceived benefit is shaped by the frequency of use, the perceived added value and user experience.

In this context, user-friendliness of the digital service is the number one criterion for the customer, which also means that using a digital service is not associated with unreasonably high efforts from the customers' point of view. Higher security standards are usually associated with more effort and less usability. If customers notice the increased security standards in the form of increased efforts on their behalf, there is a risk that they will switch to easier to use, albeit unsafe, services. Additional effort is usually only accepted for digital services and data that are highly sensitive from the customer's perspective (e.g. e-banking).

In conclusion, security must not be at the expense of user-friendliness. When it comes down to it, customers will often prefer user-friendliness over security. Both aspects must be considered together and implemented accordingly.

DIGITAL SERVICE ACCEPTANCE MODEL



Source: Own illustration on the basis of the Technology Acceptance Model by Davis et al. (1989) and Pavlou (2001, 2003)

“For e-banking it is crucial to have two-factor authentication, because it’s about my savings. But if I had to do that every time I want to log into a normal account, I would go mad.”

male, 36

“Higher security standards are always good. But if that means a bigger effort for me as a customer, there is a chance that I wouldn’t use the service anymore.”

male, 31

“All in all, the value of a digital service needs to outweigh the risk of using it, and there is always some kind of risk.”

female, 47

Insight 6

A digital trust label can minimize the perceived risk for some customers, but its effectiveness depends on the customer-centric design of the label

For some customers, a trust label can be an indicator of the trustworthiness of a company and its digital services, especially when the perceived risk of a service is high and the benefit is rather low. In order to meet customers' expectations, the label should implement a clear, customer-oriented perspective. The credibility and relevance of a label depend on various factors including a trustworthy issuer of the label, independent monitoring and transparency of criteria in order to be labelled.

Apart from person-specific determinants such as the basic attitude towards labels and the general willingness to trust, the relevance and thus the effectiveness of a label depends on three factors.

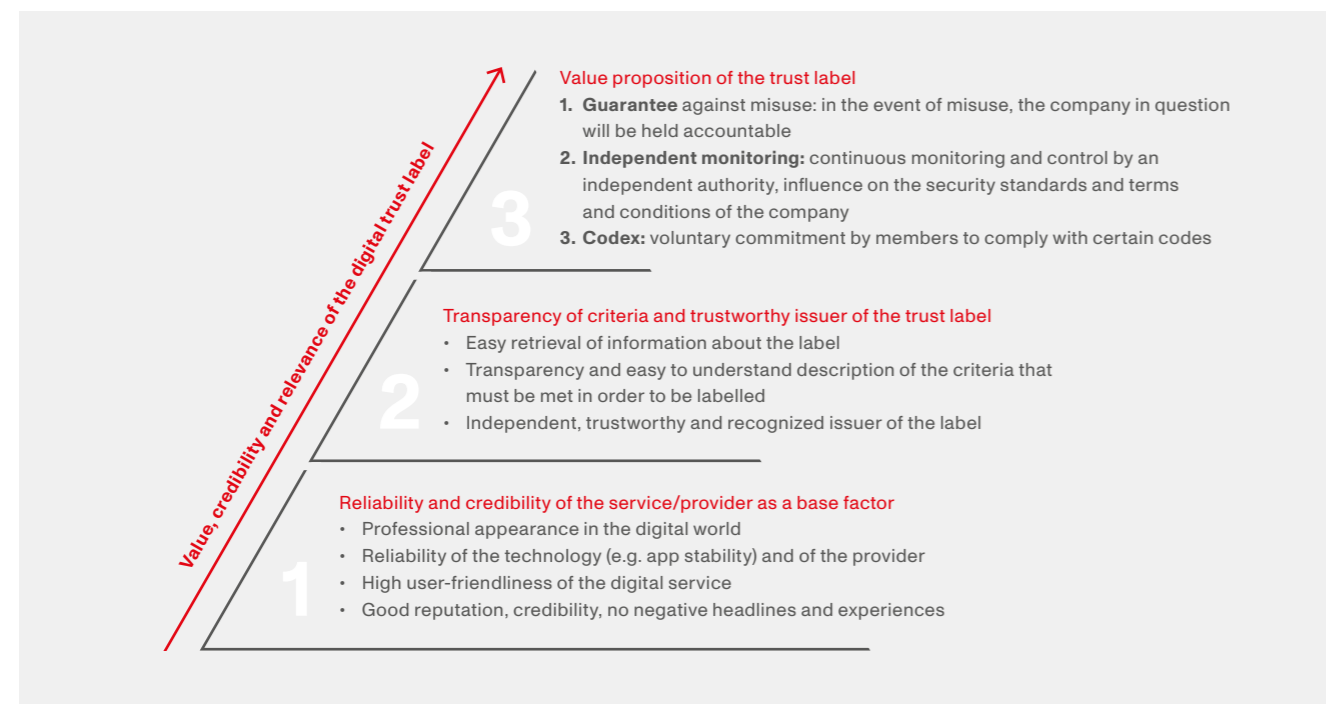
The reliability and credibility of the service and the company that are labelled are base factors for the success of the label. A dubious appearance, crashing apps or negative headlines will prevent any label from making the company appear more trustworthy and can have a negative effect on the credibility of the label itself.

In addition to these service- and company-specific factors, it is crucial that the label is intuitively comprehensible and the criteria that need to be fulfilled in order to get labelled are transparent and easily accessible. Furthermore, a trustworthy, independent and well recognized issuer of the label is a base factor in the eyes of the customers.

However, the value, credibility and relevance of a label are ultimately derived from the value proposition of the label – ranging from a voluntary codex to some form of guarantee seal.

In conclusion, a digital trust label can create orientation and transparency for the customers, but only if the label and the companies that are labelled fulfill the customers' requirements. The stricter the criteria in order to be labeled, the more relevant and valuable the label will be in the eyes of the customers.

DRIVERS AND PROPOSITIONS FOR A VALUABLE TRUST LABEL FROM THE CUSTOMER'S PERSPECTIVE



“A real added value would be a label with a guarantee that the company would be liable for any losses or damages, e.g. if my credit card gets scammed. That would mean no risk for me.”

male, 41

“If there was a trust label in the internet that could also be used by unprofessional companies, I would lose trust in the label itself.”

male, 43

“The information and criteria of the label would need to be accessible very easily, otherwise it wouldn't be more transparent.”

female, 22

About the Swiss Digital Initiative

The Swiss Digital Initiative is a long-term, sustainable process to safeguard ethical standards in the digital world through concrete projects. It brings together academia, government, civil society and business to find solutions to strengthen trust in digital technologies and in the actors involved in ongoing digital transformation.

The initiative has a global focus and is headquartered in Geneva, Switzerland. It was initiated by the cross-sectoral association digitalswitzerland under the patronage of the President of the Swiss Confederation.

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