

THE TRUST QUOTIENT

How Merchant Trust Drives Shopping Behaviors

PYMNTS.com

sift



The Trust Quotient: How Merchant Trust Drives Shopping Behaviors, a PYMNTS and Sift collaboration, examines how consumer sentiment and data security concerns influence merchant and shopping channel choice.



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The Trust Quotient: How Merchant Trust Drives Shopping Behaviors was done in collaboration with Sift, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

INTRODUCTION

Harry Selfridge launched his eponymous store in London in 1909 and brought the retail world into the 20th century, removing the traditional barriers of an imposing sales clerk or a required appointment between ordinary consumers and the goods they wanted. To Selfridge, customer trust was a commodity that could be earned — even by new, unfamiliar stores — through providing the kind of simplified shopping experiences that consumers wanted along with the security and quality assurances that they required.

The “Selfridge Effect” has transformed into a new, digital edition focused on building trust. Amazon and Walmart issue instant refunds for goods with “no questions asked,” and consumers can read the comments of other customers along with published reviews while they virtually “inspect” products before purchasing online. Bots and customer service assistants answer questions about products within seconds of a customer clicking on a “Find out more” button. Offline retailers use in-store scanners to provide instant pricing and product information for consumers.

Global shoppers more than a century after Selfridge launched his retail revolution are still driven by trust and a sense of security when making shopping choices. New PYMNTS research indicates that merchant trust is the most important factor for more than one-third of consumers when selecting a new merchant or continuing to patronize a familiar one. This is true whether they are shopping online or offline. Consumers’ trust in merchants, whether on Amazon or at small, independent shops, also dictates the data they are willing to share and the security measures they would insist upon.

In *The Trust Quotient: How Merchant Trust Drives Shopping Behaviors*, a collaboration with Sift, PYMNTS reviewed 2,563 consumer survey responses to gain insights into how merchant trust impacts consumers’ willingness to tolerate security-related frictions during their shopping experiences.

This is what we found.

84%
of consumers want data protection when shopping with small merchants for the first time, even if it adds friction at checkout.

Consumer tolerance of friction caused by enhanced security measures varies by retailer size and customer demographics.

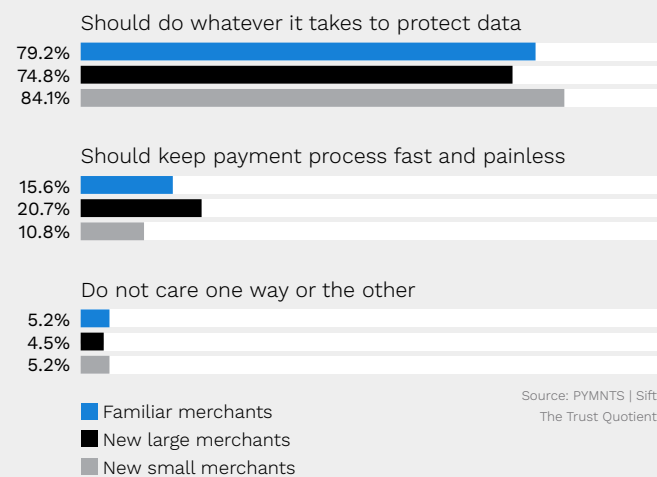
BRIDGE MILLENNIALS



The bridge millennial cohort includes those who were born between 1978 and 1988 and is an overlapping of two neighboring generations, millennials and Generation X.

Our research showed that consumers were willing to tolerate enhanced security measures and the friction that such measures may cause, but they were less interested in taking these steps with larger merchants they know and trust.

FIGURE 1:
Consumer interest in data protection measures
Consumer interest in data protection, by merchant type



Most consumers shopping with small merchants for the first time (which we refer to as “new small merchants”) said they wanted retailers to protect their data, even if doing so added friction to the checkout process (84 percent). Consumers were less likely to want this protection when shopping with familiar merchants (those with whom they had made multiple online purchases over the past 12 months) and with large merchants that were new to them (“new large merchants”), at 79 percent and 75 percent, respectively.

TABLE 1:

Consumer interest in data protection measures

Consumer interest in familiar merchants’ data protection, by demographics

FAMILIAR MERCHANTS	Should do whatever it takes to protect data	Should keep payment process fast and painless	Do not care one way or the other
ANNUAL INCOME			
• Less than \$50K	79.0%	15.5%	5.5%
• \$50 - \$100K	79.0%	15.9%	5.1%
• More than \$100K	79.5%	15.4%	5.1%
GENERATION			
• Generation Z	74.4%	17.1%	8.6%
• Millennials	72.4%	21.0%	6.6%
• Bridge millennials	72.3%	22.0%	5.7%
• Generation X	79.1%	15.9%	5.0%
• Baby boomers and seniors	87.4%	9.7%	2.8%

Source: PYMNTS | Sift The Trust Quotient

PYMNTS’ research showed that baby boomers and seniors were the age group most willing to tolerate friction during a transaction to protect their data with new large merchants (89 percent), new small merchants (90 percent) and familiar merchants (87 percent).

Millennials, meanwhile, were the least likely age group to agree that a merchant “should do whatever it takes to protect data” when shopping with new large merchants (67 percent), new small merchants (72 percent) and familiar merchants (72 percent). The next least likely were bridge

millennials, at 68 percent, 78 percent and 72 percent, respectively.

We found that interest in additional data protection was also high among consumers earning over \$100,000 per year. Eighty-six percent of them agreed that

merchants should protect data at all costs when they shop with new small merchants, and 80 percent agreed with this when shopping with familiar merchants.

TABLE 2:
Consumer interest in data protection measures

Consumer interest in new large merchants’ data protection, by demographics

NEW LARGE MERCHANTS	Should do whatever it takes to protect data	Should keep payment process fast and painless	Do not care one way or the other
ANNUAL INCOME			
• Less than \$50K	76.2%	18.7%	5.0%
• \$50 - \$100K	77.5%	19.6%	3.0%
• More than \$100K	72.1%	22.7%	5.2%
GENERATION			
• Generation Z	69.2%	20.5%	10.4%
• Millennials	66.5%	29.0%	4.5%
• Bridge millennials	67.5%	29.2%	3.4%
• Generation X	78.6%	18.4%	3.1%
• Baby boomers and seniors	88.6%	9.3%	2.1%

Source: PYMNTS | Sift The Trust Quotient

TABLE 3:
Consumer interest in data protection measures

Consumer interest in new small merchants’ data protection, by demographics

NEW SMALL MERCHANTS	Should do whatever it takes to protect data	Should keep payment process fast and painless	Do not care one way or the other
ANNUAL INCOME			
• Less than \$50K	84.6%	8.6%	6.8%
• \$50 - \$100K	80.2%	13.6%	6.2%
• More than \$100K	86.3%	10.1%	3.6%
GENERATION			
• Generation Z	82.4%	9.7%	7.9%
• Millennials	72.4%	18.8%	8.8%
• Bridge millennials	78.2%	15.8%	6.0%
• Generation X	89.0%	9.4%	1.7%
• Baby boomers and seniors	89.6%	5.9%	4.4%

Source: PYMNTS | Sift The Trust Quotient

Consumers worry less about data security with the retailers they know and trust.

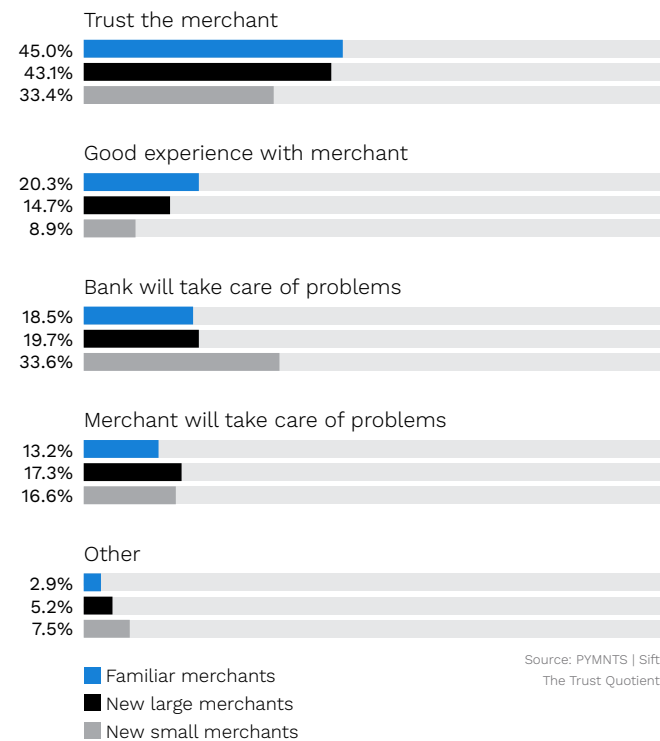


TRUST
is the key driver of merchant choice for most consumers.

FIGURE 2:

Reasons why consumers are not interested in additional data protection measures

Reasons for lack of interest in additional data protection measures, by merchant type



Our research revealed that merchant trust is a key determinant of consumer interest in taking additional steps to secure their data.

Forty-five percent of consumers listed their trust of familiar merchants and 43 percent cited their trust of new large merchants as their reason for lacking interest in new security measures. We also found that 34 percent of customers believed that their banks would rectify any issues with new small merchant transactions.

TABLE 4:

Reasons why consumers are not interested in additional data protection measures

Reasons for lacking interest in additional data protection measures with familiar merchants, by demographics

FAMILIAR MERCHANTS	Trust the merchant	Good experience with merchant	Bank will take care of problems	Merchant will take care of problems	Other
ANNUAL INCOME					
• Less than \$50K	46.4%	26.7%	15.3%	8.7%	2.9%
• \$50 - \$100K	39.9%	23.2%	17.3%	17.3%	2.3%
• More than \$100K	48.2%	13.8%	21.7%	12.8%	3.5%
GENERATION					
• Generation Z	35.7%	24.3%	21.4%	14.0%	4.6%
• Millennials	52.7%	14.0%	17.6%	13.8%	1.9%
• Bridge millennials	60.6%	8.8%	16.4%	13.3%	0.9%
• Generation X	43.9%	26.4%	17.7%	11.0%	1.0%
• Baby boomers and seniors	35.8%	23.0%	20.0%	14.4%	6.8%

Source: PYMNTS | Sift The Trust Quotient

We also found that millennial opinions about the security of their data when shopping were determined by their levels of merchant trust. Among consumers not interested in new security protections, large shares of bridge mil-

lennials (61 percent) and millennials (53 percent) expressed high levels of trust in familiar merchants as their reason for lacking interest in enhanced data security options.



LARGE MERCHANTS

enjoy the highest trust levels of first-time shoppers regarding their data security.

TABLE 5:
Reasons why consumers are not interested in additional data protection measures
 Reasons for lacking interest in additional data protection measures with new large merchants, by demographics

NEW LARGE MERCHANTS	Trust the merchant	Good experience with merchant	Bank will take care of problems	Merchant will take care of problems	Other
ANNUAL INCOME					
• Less than \$50K	29.1%	21.0%	20.5%	22.1%	7.4%
• \$50 - \$100K	38.9%	20.7%	24.2%	14.2%	2.1%
• More than \$100K	52.2%	8.4%	16.8%	16.7%	5.9%
GENERATION					
• Generation Z	58.7%	3.5%	16.9%	13.0%	8.0%
• Millennials	43.9%	17.6%	17.3%	18.0%	3.1%
• Bridge millennials	38.2%	18.4%	17.5%	24.4%	1.6%
• Generation X	31.9%	13.9%	25.1%	20.7%	8.3%
• Baby boomers and seniors	39.7%	17.0%	25.4%	11.9%	5.9%

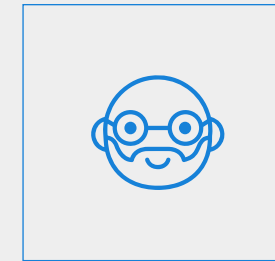
Source: PYMNTS | Sift The Trust Quotient

TABLE 6:
Reasons why consumers are not interested in additional data protection measures
 Reasons for lacking interest in additional data protection measures with new small merchants, by demographics

NEW SMALL MERCHANTS	Trust the merchant	Good experience with merchant	Bank will take care of problems	Merchant will take care of problems	Other
ANNUAL INCOME					
• Less than \$50K	28.8%	13.7%	31.4%	18.8%	7.3%
• \$50 - \$100K	32.8%	7.9%	24.9%	21.9%	12.5%
• More than \$100K	36.2%	7.4%	42.3%	10.9%	3.3%
GENERATION					
• Generation Z	57.6%	21.2%	21.2%	0.0%	0.0%
• Millennials	26.3%	9.2%	38.1%	23.3%	3.2%
• Bridge millennials	44.4%	11.8%	32.8%	11.0%	0.0%
• Generation X	33.3%	6.2%	44.0%	16.7%	0.0%
• Baby boomers and seniors	42.1%	6.7%	15.9%	6.5%	28.7%

Source: PYMNTS | Sift The Trust Quotient

Consumer trust is the most important driver of online merchant choice for more than a third of consumers shopping with familiar merchants, new large merchants and new small merchants.



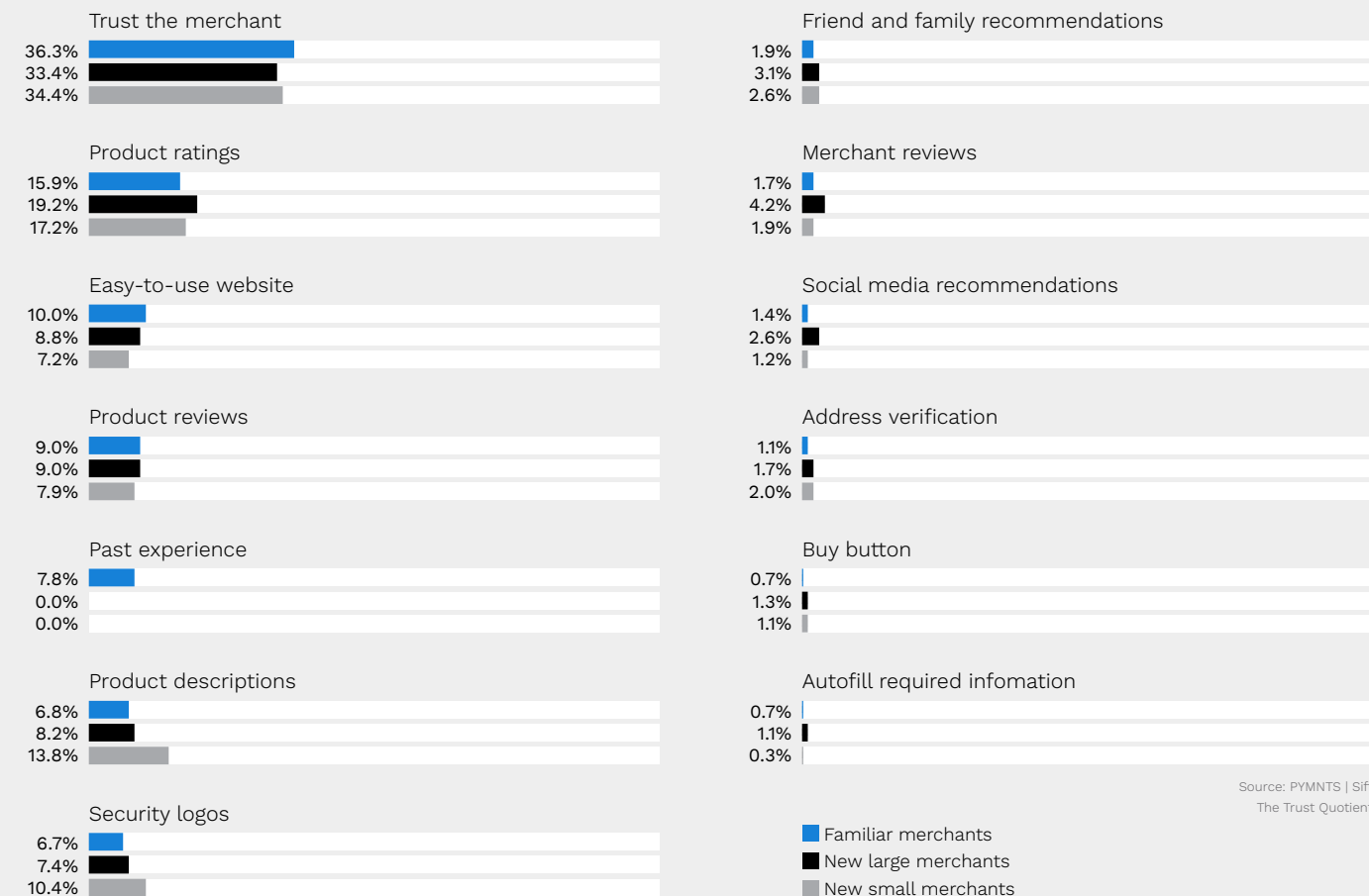
BABY BOOMERS AND SENIORS

were the most interested in data security of all demographics when shopping with large merchants for the first time.

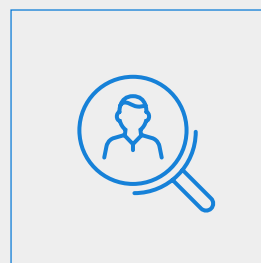
FIGURE 3:

Consumers' reasons for choosing online merchants

Consumers who cited select factors as most important when choosing a merchant online, by merchant type



PYMNTS' research showed that regular positive interactions between consumers and merchants signal trustworthiness for customers and that large, well-known merchants hold the greatest advantage over new smaller merchants. Consumers listed trust as the most important factor determining their choice of retailer for familiar merchants (36 percent), new large merchants (33 percent) and new small merchants (34 percent).



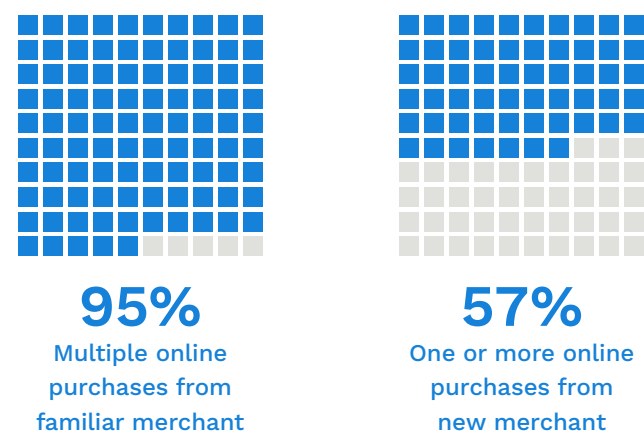
AFFLUENT FIRST-TIME CUSTOMERS

who shop at small merchants were the most concerned with data security of all income levels surveyed.

Most consumers who regularly shop with at least one online seller have tried a new merchant during the last 12 months.

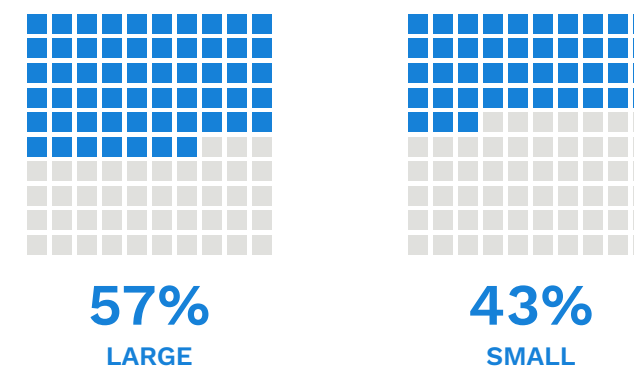
Our research showed that most online consumers are repeat customers with the same retailer, yet most are open to trying new merchants. Our survey found that 95 percent of online consumers have made regular purchases from one merchant during the last 12 months but that 57 percent of this group have also purchased from a new merchant within the last year.

FIGURE 4:
Consumers who made online purchases
Share of online consumers who made online purchases at familiar and new merchants, by merchant type



Source: PYMNTS | Sift | The Trust Quotient

FIGURE 5:
Consumers trying new online merchants
Share of online consumers who purchased at large and small new merchants

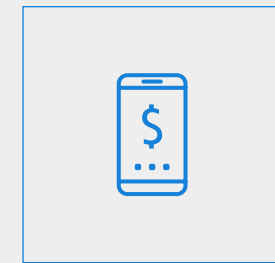


Source: PYMNTS | Sift | The Trust Quotient

This willingness to try new merchants may be related to customers' comfort levels with specific merchant types. Affluent consumers (earning over \$100,000) indicated they were among retail's most engaged customers, for example, reporting high levels of trust regarding their security when shopping with new large merchants (52 percent). Affluent customers were also among the most likely to have made a purchase from a large merchant in the last 12 months (64 percent).

Our findings suggested that consumers overall tend to trust new large merchants (43 percent) more than new small merchants (33 percent), and this was reflected in their choice of new merchants online. Fifty-seven percent of consumers who said they had tried a new online seller for the first time chose a large merchant.

Mobile has become the standard channel for most consumers shopping with familiar and new large merchants.



MOBILE DEVICES

Most consumers use their mobile devices to shop at familiar and new large merchants.

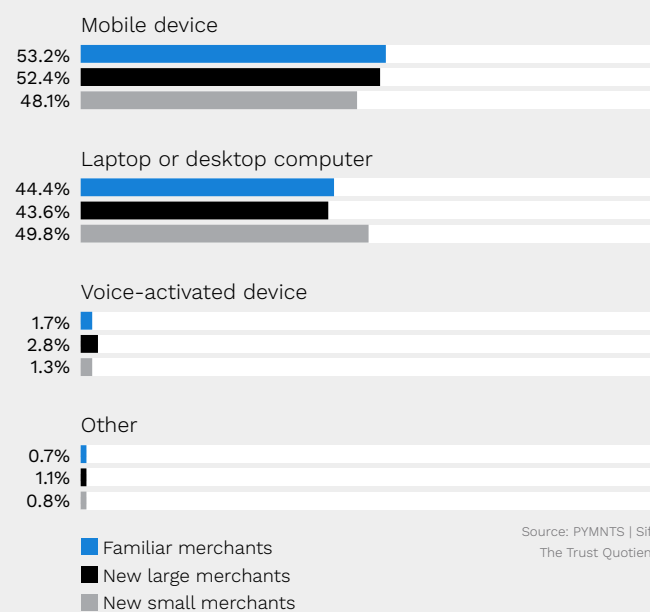
Our findings clearly show that mobile has become the go-to channel for the online consumer, with most consumers choosing to use mobile devices to patronize both familiar stores (53 percent) and those of new large merchants (52 percent).

As some may expect, baby boomers and seniors were the least likely to use a mobile device to shop with a familiar or new merchant, at 29 percent. Most used a laptop or desktop to access familiar or new merchants (69 percent). Bridge millennials and millennials, meanwhile, were the most likely to make recurring purchases with familiar merchants using their mobile devices, at 72 percent and 75 percent, respectively.

FIGURE 6:

Consumer choice of device for online shopping

Consumer device choice, by merchant type

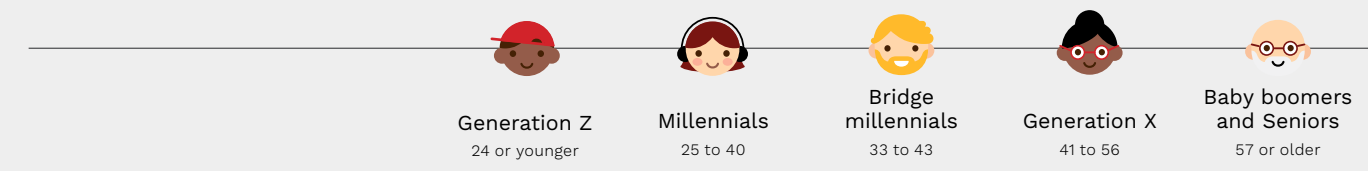


Source: PYMNTS | Sift
The Trust Quotient

TABLE 7:

Consumer choice of device for online shopping

Consumer device choice at familiar and new merchants, by generation



FAMILIAR MERCHANTS

Device	Generation Z (24 or younger)	Millennials (25 to 40)	Bridge millennials (33 to 43)	Generation X (41 to 56)	Baby boomers and Seniors (57 or older)
Mobile device	56.5%	74.6%	71.5%	55.9%	29.2%
Laptop or desktop computer	37.1%	22.7%	26.6%	42.5%	69.2%
Voice-activated device	3.7%	2.6%	1.7%	1.1%	0.8%
Other	2.7%	0.0%	0.2%	0.5%	0.8%

NEW MERCHANTS

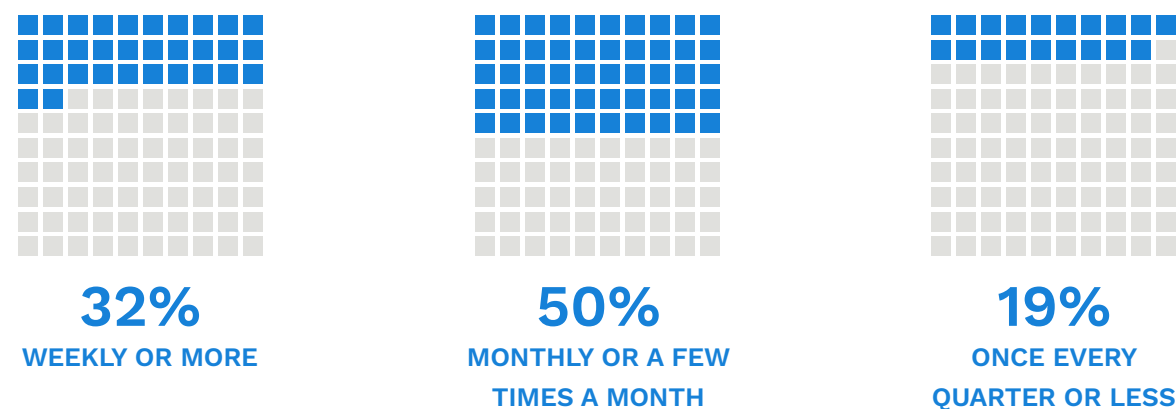
Device	Generation Z (24 or younger)	Millennials (25 to 40)	Bridge millennials (33 to 43)	Generation X (41 to 56)	Baby boomers and Seniors (57 or older)
Mobile device	63.5%	64.1%	62.9%	51.1%	29.0%
Laptop or desktop computer	34.1%	30.6%	31.9%	47.2%	68.9%
Voice-activated device	1.7%	4.7%	4.6%	1.4%	0.0%
Other	0.8%	0.6%	0.7%	0.3%	2.1%

Source: PYMNTS | Sift The Trust Quotient

Trusted retailers have a loyal base of highly engaged, repeat online customers with unique demographic traits.

Trust drives consumer choice, yet established retailers showed a wide range of customer engagement levels with their most active customers in our study. Consumers who made purchases online at least once per week were more likely to do so if they were repeat Walmart (43 percent) or Target (42 percent) shoppers than if they were loyal Amazon customers (33 percent). New Walmart customers were the most likely of all new shoppers to shop at least once per week, at 40 percent.

FIGURE 7:
Frequency of online purchases
Frequency of recurring shoppers' online purchases

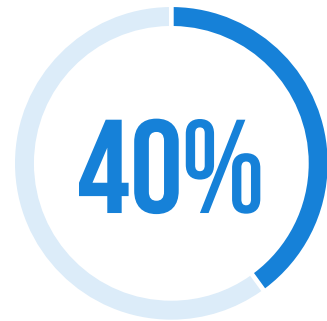


Source: PYMNTS | Sift | The Trust Quotient

TABLE 8:
Frequency of online purchases
Frequency of recurring shoppers' online purchases, by top 10 familiar merchants

	Weekly or more	Monthly or a few times a month	Once every quarter or less
	33.1%	52.2%	14.6%
	42.7%	39.7%	17.5%
	41.6%	44.9%	13.5%
	15.3%	57.9%	26.9%
	7.8%	47.0%	45.2%
	2.4%	60.9%	36.7%
	8.9%	55.0%	36.1%
	22.0%	78.0%	0.0%
	25.3%	39.9%	34.8%
	14.5%	39.5%	46.1%

Source: PYMNTS | Sift | The Trust Quotient



Forty percent of new Walmart shoppers made a purchase at least once per week.

The consumer base of the three stores varied widely. Large shares of Target shoppers were affluent (56 percent earned over \$100,000 annually), millennial (48 percent) and female (68 percent), and 50 percent held a college degree. Amazon customers were more likely to be affluent (43 percent) than Walmart shoppers (31 percent).

TABLE 9:

Frequency of online purchases

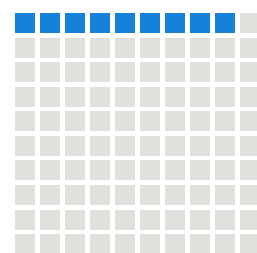
Frequency of new shoppers' online purchases, by top 10 new merchants

	Weekly or more	Monthly or a few times a month	Once every quarter or less
	29.3%	38.7%	32.0%
	39.6%	30.9%	29.5%
	1.6%	12.3%	86.1%
	11.3%	31.7%	57.0%
	29.7%	20.0%	50.3%
	0.0%	18.2%	81.8%
	4.5%	25.8%	69.6%
	0.0%	20.2%	79.8%
	0.0%	18.8%	81.2%
	0.0%	0.0%	100.0%

TABLE 8:

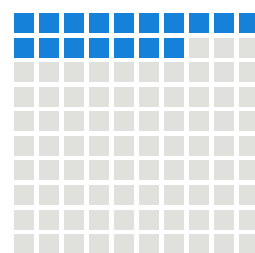
Frequency of online purchases

Frequency of new shoppers' online purchases



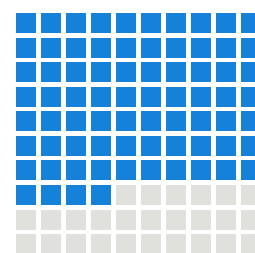
9%

WEEKLY OR MORE



17%

MONTHLY OR A FEW TIMES A MONTH



74%

ONCE EVERY QUARTER OR LESS

Source: PYMNTS | Sift | The Trust Quotient

Source: PYMNTS | Sift | The Trust Quotient



CONCLUSION

Our research showed that trustworthiness was the key determinant for shoppers in their choice of merchants. Their willingness to trust their chosen merchant with their data also dictates their level of comfort with forgoing additional security measures to complete a transaction quickly. We also found that most consumers are open to shopping experiences with new large merchants that signal trustworthiness. Our research showed that affluent customers and older consumers were the least trusting of new small merchants and the most interested in new security measures. Millennials, another high-value customer group, were concerned about security but less tolerant of the inconvenience that checkout friction may cause.

METHODOLOGY

This study, completed between Feb. 19 and Feb. 26, 2021, reviewed 2,563 detailed survey responses from a cross-section of U.S. consumers representative of the general population. Responses were verified for accuracy.

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