

Nudging consumers into making better purchases online

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Small changes in the website design of online shops could significantly reduce the risk of incompatible purchases by customers, concludes a recent JRC study published on 10 March in *PLOS ONE*. Warning messages appealing to the customer's emotions and information provided at check-out were the most effective methods of avoiding disappointment.

Have you ever bought a video game or a DVD online and only noticed when trying to use it, that it is not compatible with your device? While the digital market is growing and the choice for e-commerce platforms and sellers is expanding, consumer policies have to ensure that the rules and regulations that apply to online shopping are up-to-date and effectively protect all customers.

Laboratory experiment to test effectiveness of nudges

The JRC conducted a laboratory experiment with 626 participants to test whether web design could reduce the number of incompatible purchases online. During the experiment, the participants of different age, gender and educational backgrounds had virtual currency to purchase digital products on an e-commerce website, and then test their purchases.

The purpose of this experiment was to see how the participants reacted to the different kind of nudges, i.e. warning messages and compatibility information provided by the e-commerce website regarding the products



they were purchasing.

Emotive warnings and information at checkout most effective

Messages appealing to the customer's emotions, such as 'To avoid disappointment, please ensure that the product you are buying is compatible with your device", combined with an emoticon (a sad face) were the most effective in preventing a participant from purchasing an incompatible product. Surprisingly, a traditional warning message, such as "Please ensure that the product you are buying is compatible with your device" was as effective as no warning message at all.

The study also concluded that compatibility information provided at the moment of the check-out was more effective than the same information provided on the product description page, and that logos were more effective than text.

Elderly people more likely to purchase incompatible products online

Although older consumers have greater shopping experience and a smarter and more sophisticated choice process when it comes to traditional shopping, the study confirmed that they are disadvantaged in online shopping environments. Because of difficulties linked to processing information and using the Internet effectively, as well as lack of social networks online which would help them to navigate the electronic market place, they are more likely to buy incompatible products.

The study also concluded that the level of education had no impact on the final results.



Safe online shopping at heart of EU consumer policy

Ensuring safe and satisfactory online shopping experience for all customers is part of the EU policy objectives linked to consumer protection and the Digital Single Market. The Consumer Rights Directive (2011/83/EU) contains specific provisions on online shopping which require that consumers are informed about the main characteristics, functionality and interoperability of the products they are purchasing. However, even when the information is available, it might be hidden or consumers might not be able to understand or interpret it, which leads to mistakes, disappointment, frustration and ultimately lack of trust in online shopping.

The results of this study indicate that the right kind of nudges would be an effective solution for encouraging safe and satisfactory <u>online</u> <u>shopping</u>. With small changes to the website design, e-commerce platform owners could avoid disappointed customers and increase the usability of their website.

The study aims to feed into policies and regulations at EU level to protect consumers, in particular vulnerable consumer groups.

More information: Gabriele Esposito et al. Nudging to prevent the purchase of incompatible digital products online: An experimental study, *PLOS ONE* (2017). DOI: 10.1371/journal.pone.0173333

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