

# **Business survey report**

**Internet shopping - Annexe J**

**June 2007**

**A report for the Office of Fair Trading by  
TNS**

OFT921j

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# MANAGEMENT SUMMARY

## Background

The internet has established itself as an important sales channel over a short period of time which is growing year on year. Laws dealing with distance selling need to continue to offer protection to consumers in the light of technological developments.

The OFT commissioned FDS to carry out a large scale quantitative study among businesses to examine:-

- barriers to take up
- businesses' experiences of selling online
- awareness of regulations governing selling online.

## Method

After a preliminary investigation conducted by the OFT among key stakeholders<sup>1</sup> FDS conducted 1001 computer assisted telephone interviews with businesses in sectors with high usage of the internet sales channel, including:

- Electrical
- Travel
- Music
- Businesses selling via online auction sites for example, eBay

650 interviews were conducted with businesses selling online (that is, taking orders online, but not necessarily payment<sup>2</sup>), 251 with businesses that have websites but do not take orders online, and 100 with businesses without websites.

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<sup>1</sup> As listed in Annexe B of the study report.

Qualitative telephone interviews were conducted with 10 survey respondents after the main quantitative stage in order to pursue certain topics in more depth.

Throughout this report when reference is made to businesses selling online, businesses using the internet sales channel or online traders, we mean all businesses with a web presence taking orders for goods or services online whether they allow for payments to be made online or not. Where we look specifically at take up and barriers to transacting online, a clear distinction is made between businesses that do and do not transact online.

Businesses throughout the UK were sampled. Quotas were set by sector in order to ensure sufficient businesses were interviewed to provide robust disaggregated results for each sector. Interviewing took place between 25 October and 24 November 2006.

## **Key findings**

The survey found that the online sales channel is becoming increasingly important to businesses with more planning to sell online and the share of sales via this channel increasing. Businesses are reacting to the popularity of the internet and seizing the opportunity to reach a wider audience. Of the three sectors which were the particular focus of this survey, take up of the internet as a sales channel is fairly high among music retailers and travel agents but lower among electrical retailers. For businesses not yet selling online, consideration of doing so is highest in music and travel.

Almost all selling online sell directly to consumers throughout the UK and just under four in ten sell to consumers in other EU countries or the rest of the world.

Businesses advertising on product comparison sites and search engines are claiming that half or just under half their internet sales are derived from their online advertising and that this proportion is rising.

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<sup>2</sup> Payment may be taken offline by taking payment details using a secure online order form but processing the payment offline, by cheque, or by credit or debit card over the telephone etc.

The main reasons given for not selling online are more to do with products/services not lending themselves to the channel than fears about internet security. Those surveyed in the qualitative follow up interviews indicated that high value products for example, expensive equipment and luxury holidays do not lend themselves well to this channel. They suspect consumers would want a more personal service when buying these high value items. Businesses with a local market also hold back. The cost of setting up security and payment facilities deters one in fifteen and not wanting to grow the business deters one in twenty.

Businesses recognise consumer concerns about internet security but in spite of this, remain positive about the future for this channel.

Almost half of those not currently selling online think that they will be doing so in the future and among those currently selling online, three quarters expect the proportion of online sales to be higher next year.

Just under a third of online traders admit to being only slightly aware or not at all aware of the laws applying to internet shopping and two thirds have never sought advice about these laws. Few can name specific regulations and there is confusion among electrical and music retailers about rules governing return of goods bought online, especially with regard to the timing of when refunds must be made, and their right to deduct outward delivery costs and restocking charges from refunds. At present businesses report a low level of returns (most report less than one per cent of buyers wanting to return goods) however, their ignorance about the law could become more of a problem if more consumers exercised their right to cancel.

On average a quarter of electrical and music retailers say they need more guidance on the law particularly in the areas of:-

- Consumer rights including returns
- The Data Protection Act
- Standard terms and conditions for online selling.

A number of businesses stated that a central source of guidance on the laws applying to internet shopping and more concise guidelines would help them be more aware of the law. When we explored this in the follow-up in depth interviews, businesses were receptive to the idea of a central source of guidance.

**Brian Westra**  
Associate Director

April 2007

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# 1 INTRODUCTION

- 1.1 With internet penetration amongst UK households standing at just over six in ten<sup>1</sup> consumer usage of the internet for purchasing products has been rising. To tap into this increasingly important sales channel, more and more businesses are selling online.
- 1.2 Businesses selling to consumers over the internet are required to comply with specific regulations governing such sales, such as the Distance Selling Regulations and the Electronic Commerce Regulations ('E-Commerce Regulations') in addition to consumer protection laws which apply equally to offline sales.
- 1.3 The OFT commissioned FDS to carry out this large-scale quantitative study among businesses to examine attitudes towards and barriers to take up of the internet sales channel, businesses' experiences of selling online to consumers, and their awareness of regulations for selling online.
- 1.4 This sales channel, having existed for little more than a decade, is undergoing year on year change. The volume of sales is increasing all the time and new technology is enabling increasingly sophisticated transactions such as m-commerce via mobile phones. The internet potentially gives consumers better access to suppliers anywhere in the world and the convenience of shopping from home and may give businesses the opportunity to reach a wider audience and tailor offers to particular customer groups.
- 1.5 Laws dealing with distance selling need to continue to offer consumers protection in the light of new technology.
- 1.6 The purpose of the survey is to provide the OFT with an up-to-date picture of current trends in how businesses are operating and how well they understand the rights of the consumers. At the same time, it seeks to understand if there are any barriers to take up of the online channel and how these may be overcome.

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<sup>1</sup> International Telecommunications Union

## 2 METHOD

- 2.1 The OFT undertook a preliminary investigation of the issues surrounding online sales to consumers, by talking to a wide range of stakeholders, including those trading online and other parties with an interest in the internet as a retail channel. The information emerging from this stage of work was used to develop the quantitative questionnaire.
- 2.2 1,001 computer assisted telephone interviews were conducted with businesses in sectors identified as 'case study' sectors for the internet shopping market study, namely:
  - Electrical
  - Travel
  - Music
  - Businesses selling via online auction sites eg eBay.
- 2.3 Interviews were conducted with the person in the business who makes decisions about the sales channels his or her business uses, for example whether or not the business sells online. It was agreed that such a person would be best placed to answer the general questions about online selling which cover the majority of the survey.
- 2.4 In order to investigate barriers to take up, samples of businesses with no websites (100) or with websites which do not accept orders online (251) were included. The main focus of the survey however was on businesses' experiences of selling online and their understanding of the regulations governing business to consumer internet sales. The majority of interviews (650), therefore, were conducted with those selling online, of which over six in ten accepted payment online.
- 2.5 Businesses throughout the UK were sampled with contact details supplied by Experian and drawn from a website review being conducted by FDS at the same time. Some of the businesses taking part in the OFT's preliminary stage were also interviewed for this quantitative survey.

2.6 Quotas were set by sector as shown in Table 2.1. Following consultation with the OFT, these quotas were increased for businesses not selling online, travel businesses and those selling via online auctions, as the sample for those selling online or in the other case study sectors became exhausted.

**Table 2.1: Target and achieved sample**

<i>Website for selling</i>	<i>Target</i>	<i>Achieved</i>
<b>Website for selling</b>		
<b>Electrical</b>	150	102 *
<b>Travel</b>	150	199
<b>Music</b>	150	52 *
<b>Via auction site</b>	150	166
<b>Other</b>	150	131 *
<b>Total</b>	750	650
<b>Website no sales</b>		
<b>Electrical</b>	50	67
<b>Travel</b>	50	65
<b>Music</b>	50	38 *
<b>Other</b>	50	81
<b>Total</b>	200	251
<b>Without website</b>		
<b>Electrical</b>	12	42
<b>Travel</b>	13	26
<b>Music</b>	12	16
<b>Other</b>	13	16
<b>Total</b>	50	100

\* All available sample was exhausted

2.7 Over a third of the businesses in the sample are well established being more than 20 years old. Just over a quarter are young (less than five years old). Businesses not selling online are skewed slightly towards the older group.

**Table 2.2: Achieved sample – age of business by whether sell online/have website**

**Base: All**

	<i>Total (1001) %</i>	<i>Website for selling (650) %</i>	<i>Website no sales (251) %</i>	<i>Without website (100) %</i>
Less than five years old	27	27	22	31
5-10 years old	17	18	18	15
11-20 years old	20	22	18	15
More than 20 years old	36	33	42	39

2.8 All regions of the United Kingdom were sampled:-

- 867 interviews were conducted with English businesses
- 68 with Scottish businesses
- 41 with Welsh businesses
- 25 with Northern Irish businesses.

2.9 Interviews for the quantitative survey took place between 25 October and 24 November 2006 from FDS's telecentres in London and Newcastle.

- 2.10 Ten further in depth telephone interviews were conducted with businesses that were interviewed previously, either by the OFT in the preliminary stakeholder work or by FDS as part of this quantitative survey to focus on areas where the quantitative findings presented avenues for further investigation. These interviews were expected to be 20 minutes in length, though some ran over to 45 minutes. In most cases, interviewers contacted the same person within the business who had answered the quantitative questionnaire and been identified as the person within the business who makes decisions about whether or not the business sells online. These were often the owner or partner (36 per cent), the chief executive or managing director (17 per cent) or some other manager (18 per cent).
- 2.11 Interviews were conducted over the phone by FDS qualitative specialists between 3 and 12 January.
- 2.12 This report incorporates findings from both stages.

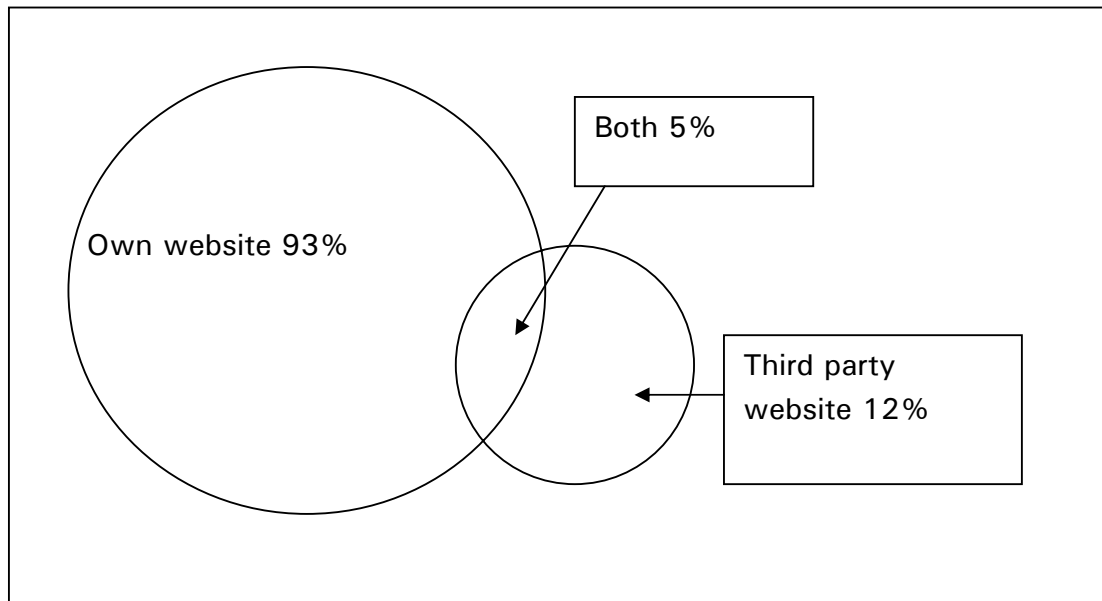
### 3 DETAILED FINDINGS

#### The online marketplace

3.1 At the start of the survey, we established whether businesses have an online presence or not. Over nine in ten with an online presence have their own website, one in eight use a third party's website for example, Amazon and five per cent have both.

**Chart 3.1: Nature of online presence**

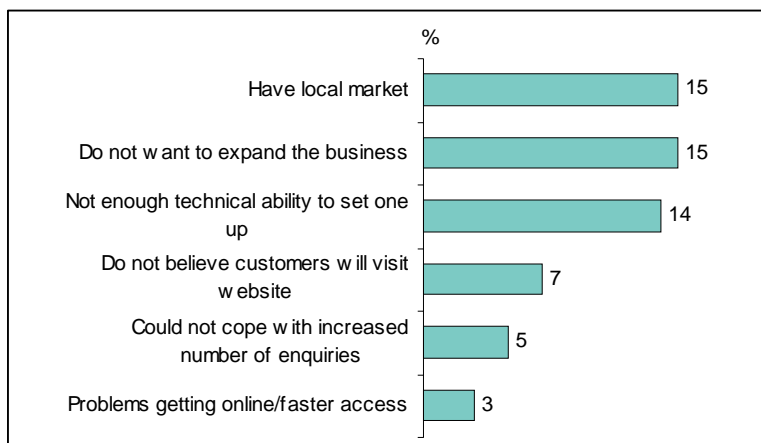
Base: All with online presence (872)



3.2 Businesses which do not have an online presence claim they don't need one either because their market is local (15 per cent), they do not want to expand the business (15 per cent), they do not have enough technical ability to set one up (14 per cent) or they think their customers will not visit their website (seven per cent). Approaching half (47 per cent) gave other reasons which were not captured. Following the pilot, a number of questions had 'other, please state' categories removed in order to reduce the average length of the interviews.

### Chart 3.2 Why do not have website

Base: All without website (100)



3.3 Businesses who agreed to be surveyed, were prompted with a list of sales channels and asked which they use to complete transactions with members of the public. Table 3.3 shows the proportions of businesses in seven market sectors using each main sales channel in their dealings with consumers.

3.4 Caution should be exercised when observing the absolute percentage figures in the results in this table. The true incidence of online selling is likely to be lower, because businesses not selling online are more likely not to have responded. Furthermore, whilst the results show the relative levels of take-up of online and other sales channels across sectors, the absolute percentages should be treated with caution as the sample was from more than one source (the OFT website review and a commercial database) and was subject to adjustment during the fieldwork period to ensure the achieved sample matched the sectoral target quotas as closely as possible.

3.5 Across most sectors, the vast majority of businesses use the face-to-face channel – their own premises. This is not the case with hotels.<sup>3</sup> Businesses in the clothing and footwear (84 per cent) and accommodation and hotel (83 per cent) sectors are the most likely to sell online, followed by music (57 per cent) and travel (52 per cent). Music retailers are particularly likely to use auction sites (45 per cent compared with 17 per cent of all businesses in the survey). The telephone sales channel is used most widely by businesses in the travel and accommodation and hotel sectors. Over half of businesses selling music and approaching half of those selling clothing and footwear use mail order. In general, the least used channel is doorstep selling but just over a third of electrical retailers use this channel.<sup>4</sup>

3.6 Three quarters of businesses selling online also use the telephone channel (76 per cent) and their own premises (74 per cent). From this it is clear that businesses across the sectors use a variety of sales channels both face to face and via distance means to reach customers.

**Table 3.3 Use of sales channels by sector**

**Base: All contacts before quota control questions kicked in (1465)**

	<i>Clothing/ footwear (25) %</i>	<i>Accommod ation/hotels (23) %</i>	<i>Music (211) %</i>	<i>Travel (447) %</i>	<i>Food/drink (28) %</i>	<i>Motor (19) %</i>	<i>Electrical (573) %</i>
Online	84	83	57*	52	46	42	37
Shop	96	35	88	73	93	100	91
Telephone	64	74	58	89	54	47	60
Mail order	48	13	55	16	21	11	22
Doorstep	12	4	11	21	7	26	36

\*Particularly likely to use auction sites

<sup>3</sup> The number of interviews achieved with businesses in the hotel and clothing and footwear sectors is small. As such, results for these sectors are not sufficiently robust to make statistical inferences about the behaviour of all businesses in these particular sectors.

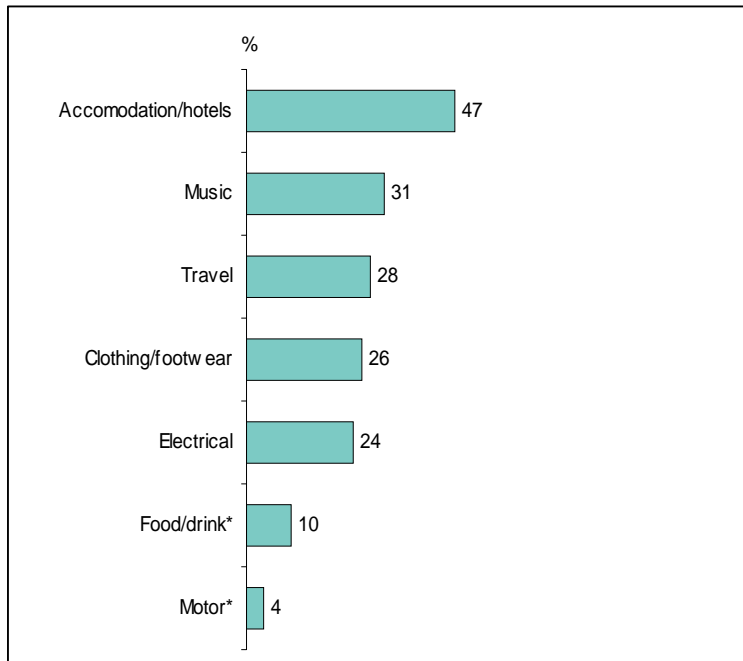
<sup>4</sup> This question asked 'Which of the following sales methods does your business use to complete transactions with members of the public?' The response 'Visiting customers at their homes' was intended to denote doorstep selling. A surprisingly high number of electrical companies have selected this option, it is likely that they had in mind delivery, not door to door selling.

3.7 While high proportions of companies in these sectors sell online, a smaller proportion of total sales are derived through the online channel. For example, 84 per cent of clothing and footwear retailers sell online but a lower proportion (26 per cent) of sales are derived through the online channel. Almost half (47 per cent) of the sales of businesses in the accommodation/hotels sector comes through the online channel.

### Chart 3.4: Proportion of sales from online channel

**Q: Approximately what proportion of your sales to UK consumers come from online sales?**

**Base: All selling online (650)**



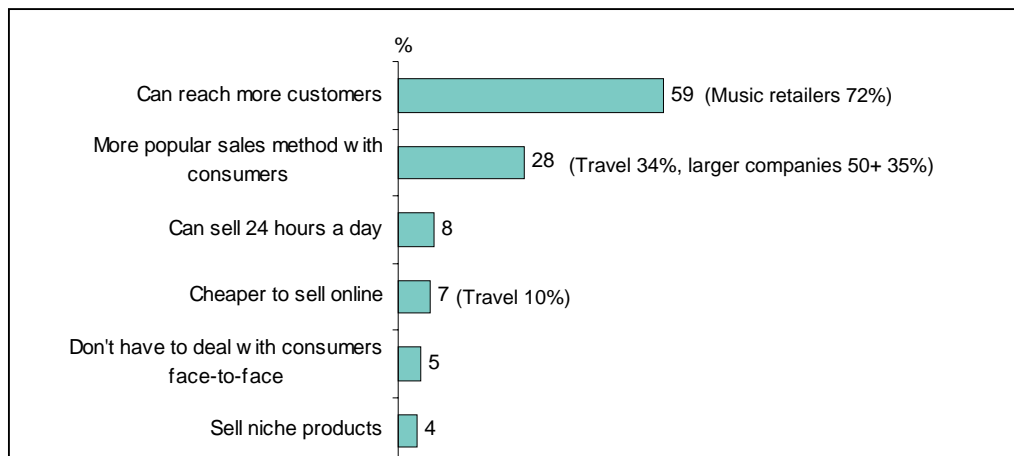
\*Low bases <10

- 3.8 Businesses selling online were asked why they do so. Increasing their geographical catchment area and reaching more customers is by far the most important driver for selling online, mentioned by almost six in ten. Nearly three in ten recognise that the internet is a more popular sales channel with consumers now.
- 3.9 Other reasons for using the internet to sell products are that it can sell 24 hours a day (eight per cent), is cheaper as a sales channel (seven per cent), you don't have to deal with customers face-to-face (five per cent) and because it is a good channel for selling niche products (four per cent).
- 3.10 Music retailers are more likely to mention the greater catchment area of online than other businesses (72 per cent) while businesses in the travel sector are more likely to mention the popularity of the channel with consumers (34 per cent) and low cost of using the channel (10 per cent). Larger businesses with 50 or more employees are more likely to mention the popularity of the channel (35 per cent).

### Chart 3.5: Reasons for selling online

**Q: What are the reasons why your business sells online to UK households?**

**Base: All selling online (650)**



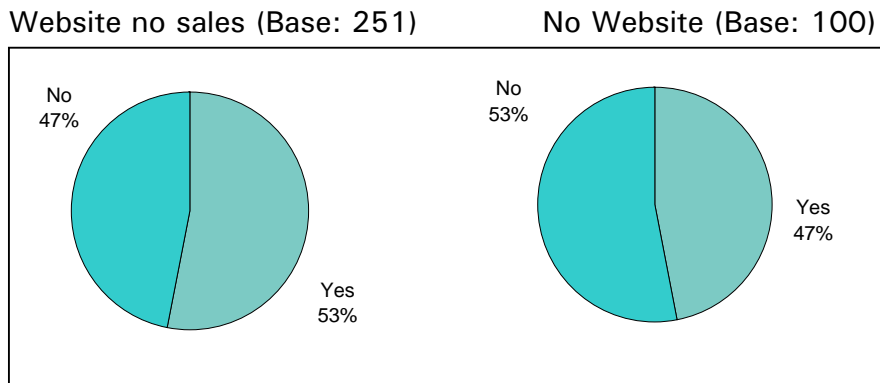
## Consideration of the online sales channel

3.11 Those not currently selling online were asked whether they have ever seriously considered doing so. Half claim that they have, slightly higher among those already with a website (53 per cent) than those without (47 per cent) but these results are not significantly different.

### Chart 3.6: Consideration of the online sales channel

**Q: Have you ever seriously considered selling online?**

**Base: All not selling online (351)**



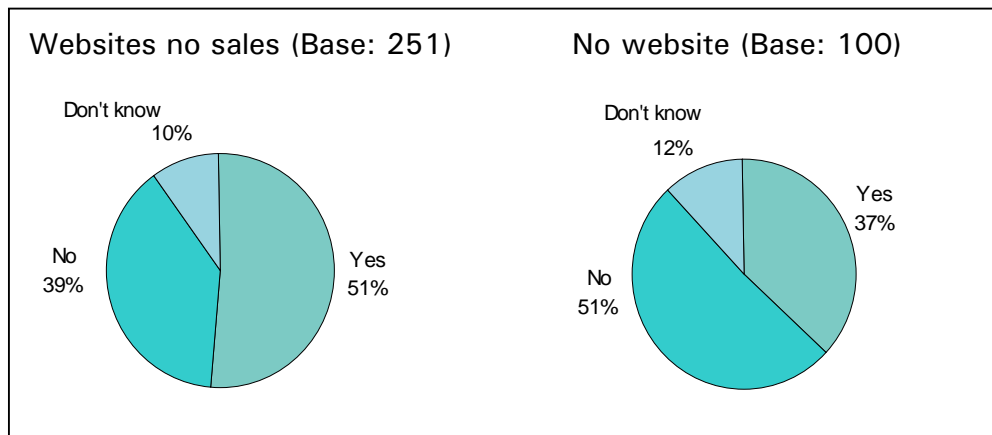
3.12 Consideration of selling online is highest among travel businesses and music retailers. The main reasons for considering selling online are the same as those given by existing online traders, namely that this is an increasingly popular medium with consumers (47 per cent), in order to reach a wider audience (34 per cent) and because it is becoming cheaper to do so (14 per cent).

3.13 Just over half of businesses not currently selling online but with websites think that they may start to sell online in the future. Although 37 per cent of businesses without websites think they may start to sell online or allow online payment, the majority (51 per cent) do not envision doing so.

### Chart 3.7: Future intention to sell online

**Q: Do you think that in the future you may start to sell online/allow payment online?**

**Base: All not selling online (351)**



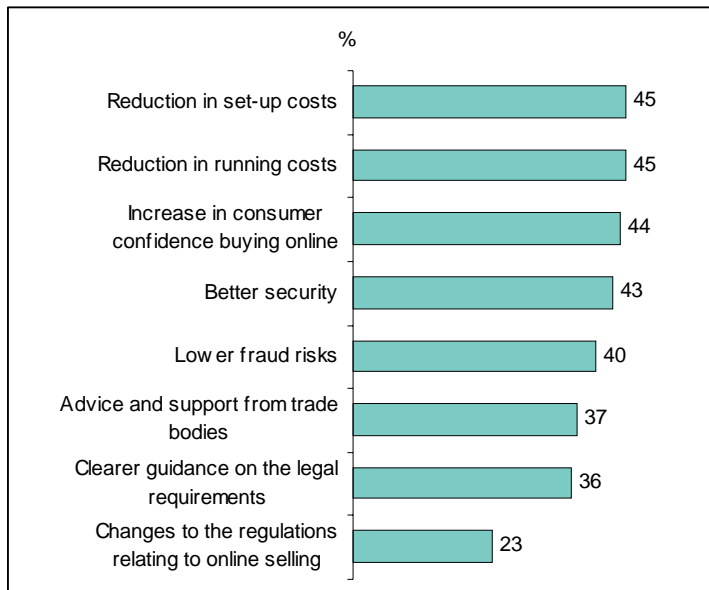
3.14 As shown in Chart 3.8, cheaper set up and running costs, increased consumer confidence in buying online, better security and lower risk of fraud are selected by 40-45 per cent of businesses as measures or developments which would make businesses more likely to sell online.

3.15 Just over a third say that advice and support from trading bodies would influence them and another third would be motivated by clearer guidance on the legal requirements. Just under a quarter claim that changes to existing regulations would make them more likely to sell online.

### Chart 3.8: What would make companies more likely to sell online

**Q: Would any of the following make you more likely to sell online?**

**Base: All not selling online (351)**



## Barriers to online selling

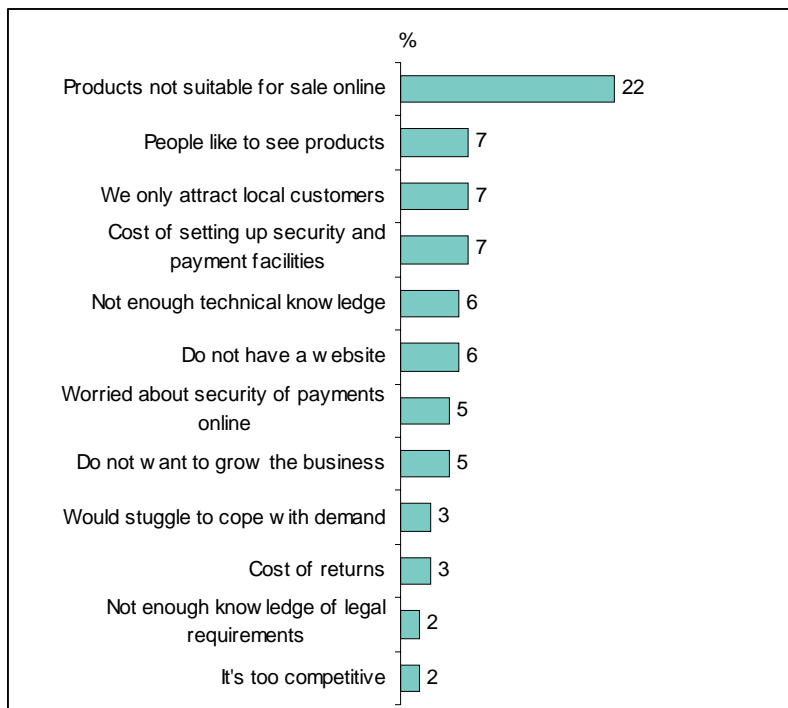
3.16 The main reason why businesses have not adopted the online sales channel is that their products and services are not deemed suitable for sale via this route. This was mentioned by almost a quarter of those not selling online. Other barriers, selected by only a small number of respondents were as displayed in Chart 3.9. Businesses in the travel sector were twice as likely to mention cost of setting up secure payment facilities (13 per cent) as all businesses (seven per cent). Electrical retailers were twice as likely to mention a local customer base (14 per cent) as a reason for not selling online as all businesses (seven per cent).

3.17 Music retailers were more likely to say that their customers like to see the product (13 per cent) or that the online sales channel is too competitive (seven per cent) than businesses as a whole.

### Chart 3.9: Barriers to selling online

**Q: Are there any particular reasons why your business does not sell online to members of the public?**

**Base: All not selling online (351)**

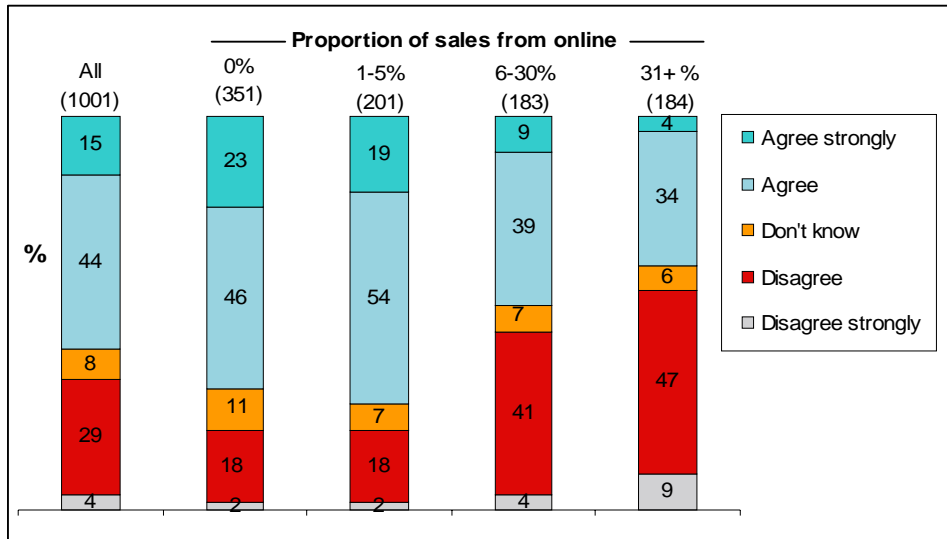


3.18 Just under six in ten of all businesses (59 per cent) agree or strongly agree with the statement that consumers are less confident in the idea of buying products online than buying from business premises. Agreement with this statement is significantly stronger among businesses not selling online (69 per cent). Businesses with more than 30 per cent of their sales made via the internet are less likely to think consumers are less confident in the online channel (four in ten).

**Chart 3.10: Perception of consumer confidence buying online**

**Q: How much do you agree/disagree with the following statement – Consumers are less confident in the idea of buying products online than buying from business premises**

**Base: All (1001)**

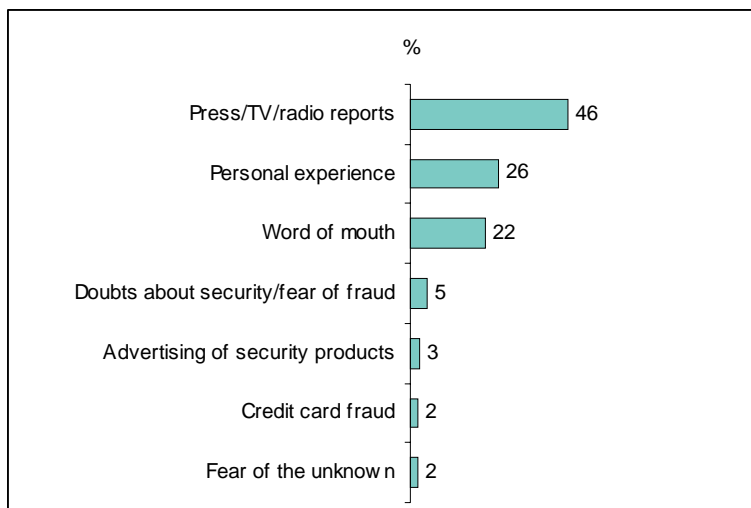


3.19 Just under half of businesses that feel consumers are less confident in the online sales channel put this down to press, TV and radio reports. There have been many reports in the press about internet fraud over the past two years. Just over a quarter base their assessment on their own personal experiences and one in five from word of mouth.

### Chart 3.11: Sources of consumer concerns

**Q: In your opinion, where do consumer concerns about shopping online stem from?**

**Base: All agreeing that consumers are less confident in the idea of buying products online than buying from business premises (586)**



3.20 In the follow up in depth interviews businesses reported a return to a calmer period with media coverage of ecrime not so prevalent.

'I haven't heard of any issues recently about online trading. There was a bit of a spate in the news last year about it but I think that's died down and I don't think people are too concerned. They have their anti-spam, firewalls and secure connections.' (National Travel Business)

3.21 There was a view that in the long term, young people who have grown up with the internet will transact readily and confidently online.

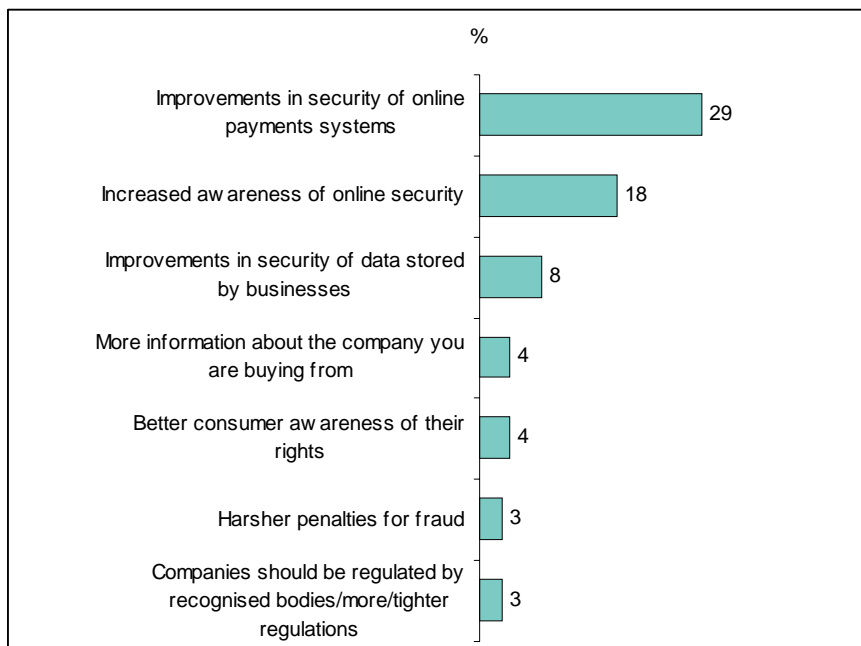
'As a new generation of people that have grown up with the internet become the main consumers, there will be increased confidence. There is tightening security and fewer fears because they have faith in the internet and the online consumer is increasingly educated and familiar with how to go about it.' (National Travel Business)

3.22 Asked what could be done to improve consumer confidence, most suggestions revolved around the whole issue of internet security i.e. improving the security of payment systems, increasing awareness of online security, improving the security of stored data by businesses and harsher penalties for internet fraud. There were no significant differences in response by business sector.

### Chart 3.12: What could be done to improve consumer confidence

**Q: What do you think could be done to improve consumer confidence in online shopping?**

**Base: All (1001)**



3.23 In the follow up in depth interviews, we found etailers (retailers selling online) were confident in the security of their own online systems and their ability to spot fraudulent transactions.

'I can't tell you what systems we use because we feel we have developed a few tricks that are not for our competitors to know. We have invested more than others in the industry in proprietary software that enables us to spot a fraudulent transaction. We carry out additional checks on customers if we suspect that there is something wrong with the order.' (Regional Electrical Retailer)

'We do not get that taking place on our site. It's really where the customer has had his or her card information stolen as a result of cards being intercepted in the post.' (National Music Retailer)

'We've had the odd problem but over time I think we get more experienced at noticing unusual patterns. You find one scam and overcome it, the fraudsters then find another and so you just find different ways of doing things to keep ahead of them.' (National Travel Business)

3.24 One business talks about the role of individual businesses and industry in general in raising customer confidence in the online channel.

'The retailer has the job of making sure that there are enough reassuring messages placed on their site, that it is secure and that the customer has recourse to a telephone helpline should they have any worries. It's the job of industry as a whole to make sure consumers are aware that it is safe to transact online. There has been a lot of work done in the past two years and we can certainly see the difference because so many more customers are now transacting online.' (National Music Retailer)

Other businesses want to see the police do more:

'I can give you hundreds of specific examples when we've gone to police forces around the UK and said 'Look, we've got some patterns or details for you here' and they don't want to know. They take the

information and you never hear from them again. It's not a high priority for them.' (Regional Electrical Retailer)

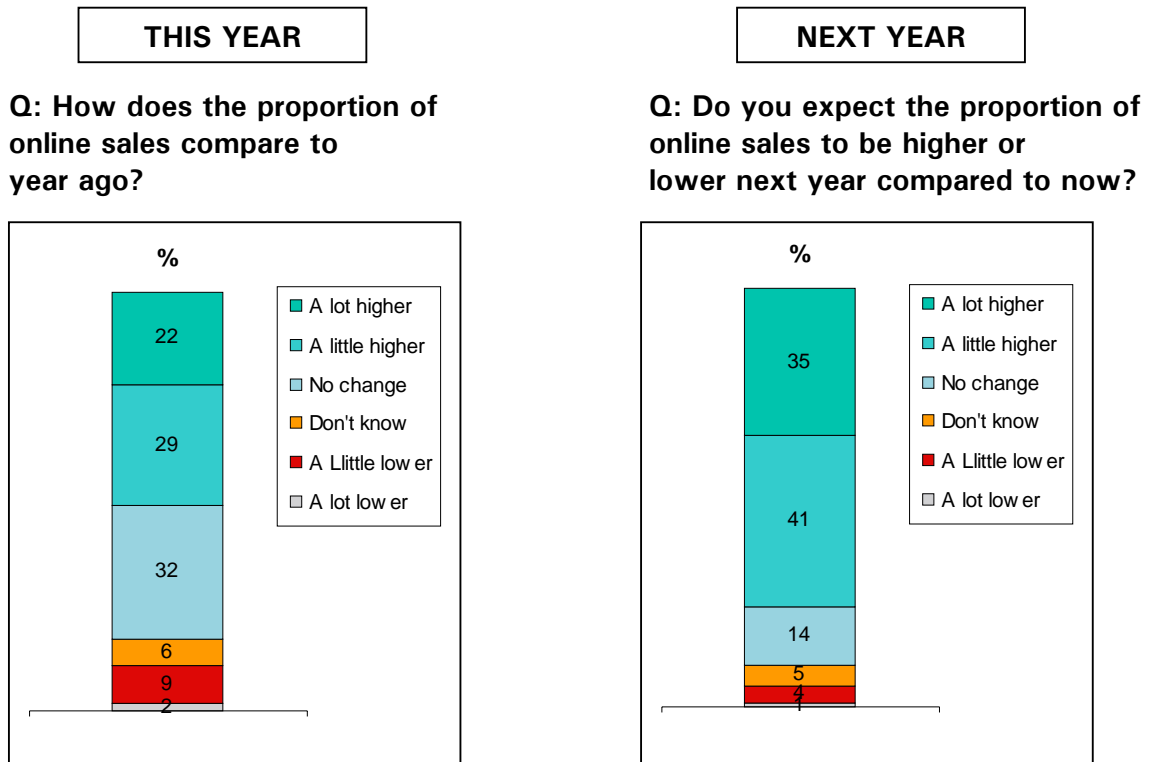
'I think the government have a role and the police and certainly with regards to online, there needs to be some sort of official agency to deal with internet crime. It's a very big thing overall, all the different forms it can take.' (National Travel Business)

## **Growth in online sales**

- 3.25 Chart 3.13 on the next page shows the proportion of sales being made via the online channel rising. When asked to compare share of sales via the internet this year with last, over a fifth (22 per cent) of businesses claim it is a lot higher and just under three in ten (29 per cent), a little higher. Asked for their projections for next year, over a third (35 per cent) expect this share to be a lot higher and four in ten (41 per cent) a little higher. Clearly there is an expectation among businesses that the internet will continue to have a greater share of their sales.
- 3.26 There is no significant difference between electrical, travel and music businesses in the proportions claiming internet's share of sales has increased since last year and/or will increase next year. Larger companies (50+ employees) are more likely to have seen an increase in the internet's share of sales over the last year (71 per cent) and predict an increase next year (84 per cent).

### Chart 3.13: Growth in online sales

Base: All selling online (650)



3.27 From the in depth interviews we found a general consensus that the internet cannot be ignored as a sales channel and that it still has some way to go before it reaches its full potential.

'I don't think any company that doesn't have an online presence is going to be viable in the long term.' (National Travel Business)

'In the last 6 to 12 months, the online channel has been a key focus. We are currently in the middle of a big project to build a bespoke online platform for our business and redesign our site and do a lot more marketing on it. It is a big focus for the business moving forward and we do see more of our business moving online.'  
(National Music Retailer)

'Eventually there will be far fewer travel agents on the high street and the only ones that will survive will be either very big or offer a specialised product.'  
(Regional Travel Business)

'Online is going to get bigger and bigger. It's just so much easier than having to go down into town and try and park some where. It's a nightmare and then you have to queue up in the shops.' (Local Music Retailer)

'I think it will continue to grow quite substantially and probably for the next 5 or 10 years and then maybe plateau off.' (National Music Retailer)

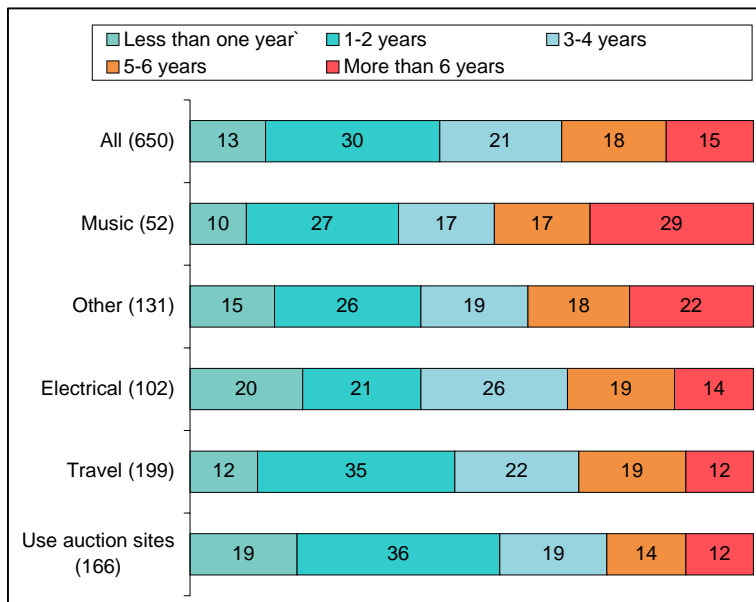
'There is a big boom but we're finding it increasingly difficult to make margins when the manufacturers don't support us.' (National Electrical Retailer)

- 3.28 Businesses were asked how long they have been selling to consumers online. Across all sectors, just over a third have been selling online for five or more years. One in eight (13 per cent) are recent converts, taking up the online channel only in the last year.
- 3.29 Music retailers have been selling online longer than other sectors, almost half of them for five or more years. Take up amongst businesses using auction sites is relatively recent.

### Chart 3.14: How long been selling online

**Q: Approximately how many years has your business been selling online to UK consumers?**

**Base: All selling online (650)**



### Geographical coverage

3.30 Just under nine in ten (87 per cent) businesses selling online actively sell to the whole of the UK. Gaps in coverage are largely accounted for by English businesses not selling to Northern Ireland (nine per cent) and/or Scotland (five per cent). Some geographical areas are not covered because businesses want to target their local market (30 per cent) or avoid expensive delivery costs (29 per cent).

3.31 Approaching four in ten businesses selling online (37 per cent) have websites aimed at selling to non-UK consumers who can buy online from them. This proportion rises to three quarters of music retailers and half of businesses using online auction sites.

3.32 Over a third of businesses selling online sell to the rest of the European Union (36 per cent) and approaching three in ten (28 per cent) to the USA and rest

of the world (31 per cent). Among all businesses selling online (not just those selling online overseas), an average of seven per cent of internet sales are to consumers abroad. Businesses selling through online auction sites sell more outside of the UK than other sectors.

3.33 Businesses selling via the internet but not overseas were asked whether they would consider marketing and selling to consumers abroad (Table 3.15). Four in ten of all businesses would consider extending their reach to the rest of the EU and approximately three in ten to the USA or the Rest of the World.

3.34 Consideration of overseas markets is highest among music retailers although caution should be taken with the results here as the base is low (13). Consideration of selling to the rest of the EU is high among businesses using internet auction sites (54 per cent).

**Table 3.15: Consideration of foreign markets**

**Q: Would you consider marketing and selling to consumers within the EU/USA/Rest of the World?**

**Base: All selling online but not to consumers abroad (411)**

	<i>All (411)</i>	<i>Electrical (84)</i>	<i>Travel (150)</i>	<i>Music (13*)</i>	<i>Use auction (85)</i>	<i>Other (79)</i>
	%	%	%	%	%	%
EU	41	31	35	62	54	46
USA	30	14	30	62	35	37
Rest of the World	29	15	31	46	33	33

\* Small base size

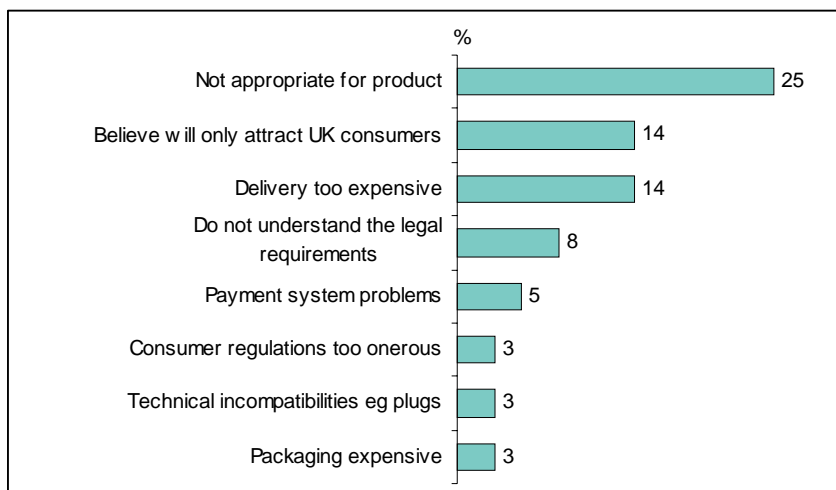
## Barriers to selling online overseas

3.35 A quarter of those selling online but not considering selling to overseas markets do not see a market for their product abroad. This is especially true of travel businesses (46 per cent). One in six are deterred by the expense of delivery and packaging. This is higher among electrical retailers (31 per cent). Just under one in ten do not understand the legal requirements or believe they are too onerous and few (one in 20) cite problems with payment systems.

### Chart 3.16: Barriers to selling online overseas

**Q: Why would you not sell to these places?**

**Base: All selling online not considering selling to overseas markets (285)**



## Taking payment online

3.36 Just over six in ten businesses selling online (62 per cent) take payment online. Online music retailers and companies selling via auction sites are more likely to take payment online (67 per cent and 73 per cent respectively).

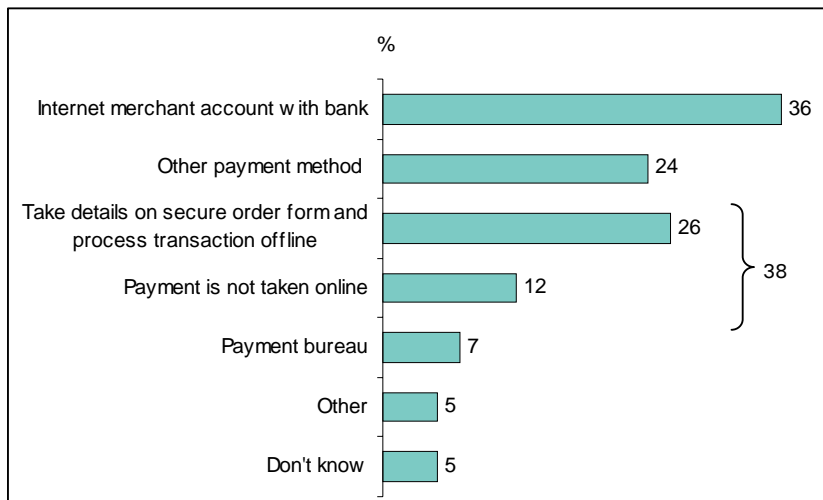
3.37 Over four in ten use their bank's internet merchant account or a payment bureau. Payment bureaus for example, Worldpay or Netbanx are alternatives to a bank's internet merchant account offering a one-stop solution. Just under a quarter use another payment system like Paypal. Approaching four in ten do not complete the full transaction online, taking details on a secure order form and processing the transaction offline.

3.38 Businesses using internet auction sites are significantly more likely to use another system to take payments (58 per cent).

### Chart 3.17: How process payments for online transactions

**Q: How do you process payments for internet sales?**

**Base: All selling online (650)**

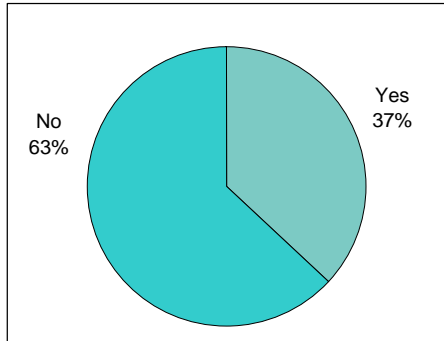


3.39 Over a third of those selling online but not completing the full transaction online have seriously considered the online payment route at some time.

**Chart 3.18: Consideration of online payment**

**Q: Have you ever seriously considered allowing payment online?**

**Base: All not completing full transaction online (75)**

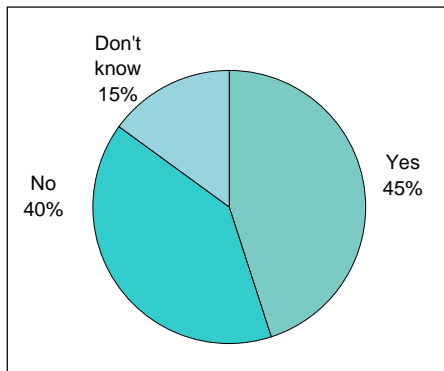


3.40 Approaching half say that they may start to allow payment online in future.

**Chart 3.19: Future intention to allow payment online**

**Q: Do you think that in the future you may start to allow payment online?**

**Base: All not completing full transaction online (75)**

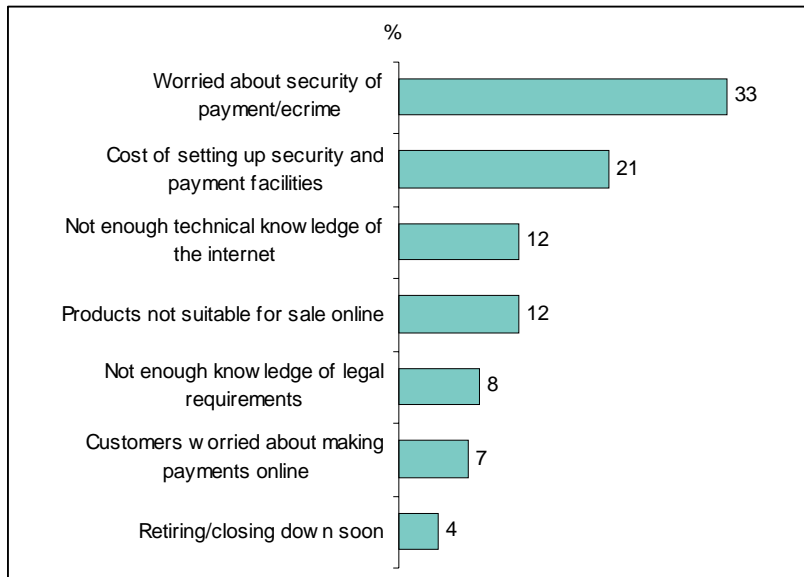


3.41 The biggest fear, mentioned by one third of businesses selling, but not taking payment online, is internet fraud. One in five respondents considered the cost of setting up security and payment facilities to be a barrier to completing transactions online. The number of businesses selling online but not taking payment online is too small to look at responses broken down by different market sectors and business sizes.

### Chart 3.20: Barriers to completing full transaction online

**Q: Are there any particular reasons your business does not complete the full transaction online?**

**Base: All selling online, but not taking payment online (75)**



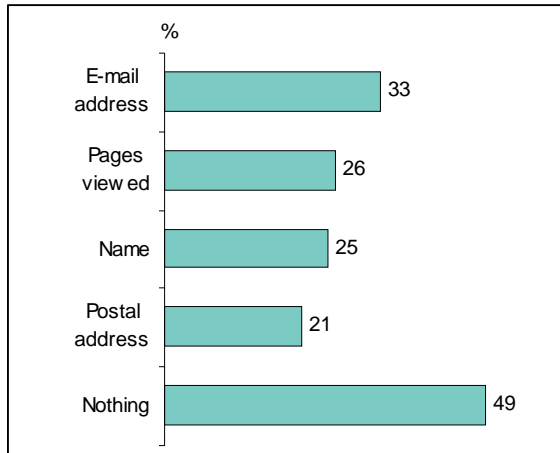
## Information gathered by websites

3.42 Businesses with websites were asked what information they gather through their website from people who visit but do not necessarily buy. Just under half of businesses with websites claim they do not gather any information from consumers who visit their websites. A third gather the email address of visitors, a quarter log the pages viewed or the name of the visitor and one in five gather the postal address of the visitor.

### Chart 3.21: Information gathered about visitors to websites

**Q: What information do you gather through your website from people who visit but do not necessarily buy from it?**

**Base: All with website (872)**

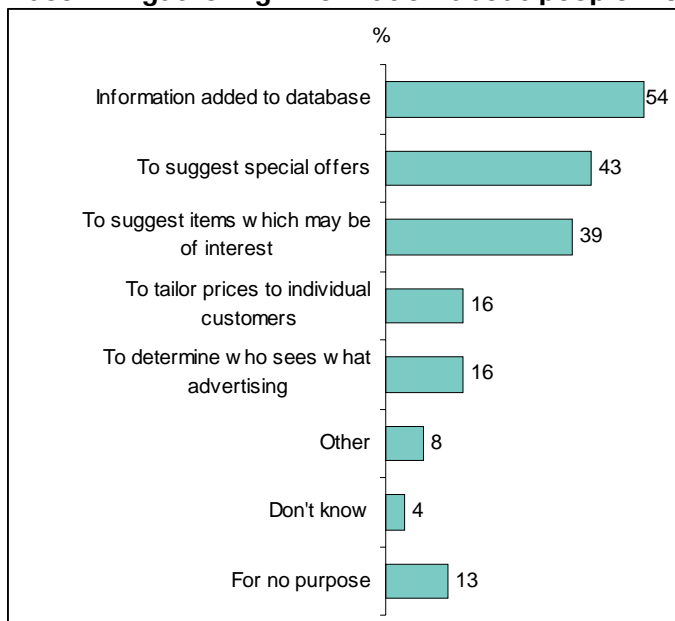


3.43 Eighty three per cent of those who collect such information indicated that they make use of it. Chart 3.22 illustrates that more than half (54 per cent) add information to their database and around four in ten use it to promote special offers (43 per cent) or items which may be of interest (39 per cent).

**Chart 3.22: Ways in which information gathered about visitors to websites is used**

**Q: In which of these ways is the information used?**

**Base: All gathering information about people visiting website (448)**



3.44 In the follow up in depth interviews, businesses were asked whether they tailor prices based on personal information they gather on their websites and whether they sell on data collected on their websites to third parties. Some businesses said that they do use transaction data to target customers themselves but none of them sold it onto third parties.

'We have some activity where we charge less for existing customers. We maybe email them with discounts, added incentives or vouchers in the hope they will come back and shop with us again.' (Regional Electrical Retailer)

'We don't automatically tailor our prices in order to match what customer details are coming through but we do run partner promotions where a certain customer segment could come on, having previously been communicated a discount code.' (National Music Retailer)

3.45 Businesses with websites were asked whether their website uses cookies to gather information about consumer's use of their website. One in five (20 per cent) businesses said yes, their site did use cookies to gather such information, two thirds said no (66 per cent) and just over one in ten said that they didn't know.

3.46 In the in depth interviews we touched on businesses' use of cookies. They may be used for various purposes, such as:

- a record of the transaction details entered by the customer which can be referred to later in the event of a dispute
- a means of assessing the effectiveness of internet advertising by tracing the origin of visitors
- A traffic count of visitors' use of web pages which can assist in improving website design.

'Well you have to use cookies to an extent. They enable a customer's computer to access the site property and to actually order the merchandise but apart from that, we don't use cookies in terms of customers' own personal data.' (National Retailer)

'We use cookies in a variety of different ways. There are cookies that tell us whether a customer is actually trying to purchase something on the site or whether they actually clicked through from a banner ad or if they clicked through from an affiliate scheme.'  
(National Music Retailer)

'We can use information for optimising the site and making it easier and more user friendly. We can understand what most people are actually using the site for, how they are viewing different pages and so on. We don't use their personal information.'  
(National Travel Business)

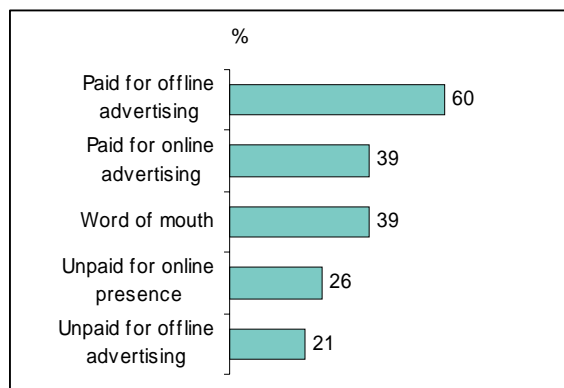
## Advertising online

3.47 Just under four in ten businesses selling online pay for advertising online. This compares to six in ten paying for advertising in more traditional media.

### Chart 3.23: How businesses promote themselves

**Q: How do you promote your business**

**Base: All selling online (650)**



3.48 Those selling online differentiate themselves from their competitors on quality (51 per cent), by selling niche products/services (23 per cent) and on price (20 per cent).

## **Product Comparison Sites**

- 3.49 Businesses selling online were asked about their usage and experience of advertising on product comparison sites. One in seven (14 per cent) selling via the internet pay to have products featured more prominently on product comparison sites. This is highest among electrical retailers (26 per cent). Half of these (51 per cent) pay for emboldened/enhanced links and six in ten (57 per cent) for appearing higher up search results listings.
- 3.50 Of those advertising on product comparison sites, half of internet sales (50 per cent) are attributed to appearing on these sites and half (53 per cent) claim the proportion of sales attributed to these sites is up on last year. There were too few responses to examine this by different business sectors.

## **Search Engines**

- 3.51 Online traders were also asked about their usage and experience of search engines. A third (34 per cent) of businesses selling via the internet pay to have products featured more prominently on search engines. Travel businesses are especially likely to use search engines (45 per cent). Six in ten of those using search engines (61 per cent) pay for emboldened/enhanced links and approaching half (46 per cent), for appearing higher up search result listings.
- 3.52 Among those advertising on search engines nearly half (48 per cent) of internet sales are attributed to appearing on these sites and half (50 per cent) claim the proportion of sales attributed to these sites is up on last year. Once again there are not enough responses to compare results here across sections.

## Complaints

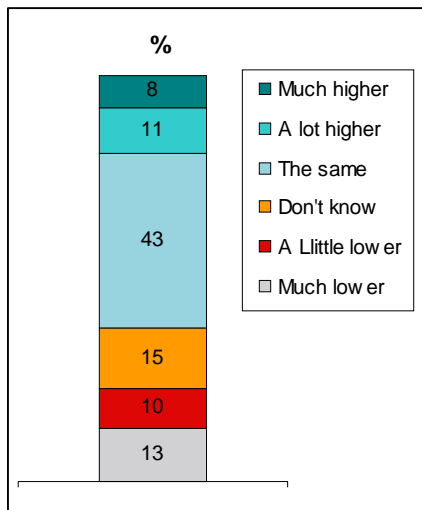
3.53 Businesses selling online and via traditional channels were asked whether there was a higher or lower incidence of complaints among those buying online compared with those buying via traditional channels. Overall, businesses claimed that there is no greater level of complaints among those buying online. Music retailers were the only businesses which reported a higher level of complaints from those buying online (26 per cent versus 21 per cent saying complaints from offline sales were higher).

3.54 Larger companies (50+ employees) are significantly less likely than smaller companies (1-49 employees) to report a higher incidence of complaints among those buying online.

### Chart 3.24: Comparative level of complaints: online versus other channels

**Q: Consider the proportion of complaints you receive from people who have purchased online in relation to the proportion of complaints from people who have purchased through traditional channels. Is this proportion of complaints higher, the same or lower?**

**Base: All selling online and through other channels ever receiving complaints (476)**



3.55 The most common complaints about both online and offline purchases are about damaged and/or faulty goods. Online sales attract more complaints about delivery issues than offline sales, namely non-delivery, delivery of wrong goods and late delivery.

**Table 3.25: Nature of complaints by sales channel**

**Q: Of the complaints you receive regarding online/offline sales, what do they most commonly concern?**

**Base: All ever receiving complaints selling online (offline)**

	<i>Complaints regarding online sales (504) %</i>	<i>Complaints regarding offline sales (826) %</i>
Damaged/faulty goods	18	25
Non-delivery of goods	18	5
Delivery of wrong goods	8	3
Delivery times/slow/delayed	7	2
Poor customer service	4	8
Poor/lack of/incorrect/false information/advertising	4	2
Customer rejects non faulty goods	4	3
Server breaking down mid transaction	3	0
Holiday issues/not what expected/poor/wrong accommodation/hotel etc	3	5

Denotes significantly higher proportion than for offline sales

3.56 From the follow up in depth interviews, we found businesses taking complaints seriously and happy to compensate customers if there was any doubt.

'We don't deal with complaints or cancellations on the websites. It's all done directly with the customer over the phone or via email. We really find that it would be very difficult to provide the correct service via the internet.' (Regional Travel Business)

'You can recreate exactly what the customer saw, exactly what the customer did and if there is a mistake and it's our fault, we just pay. It's as simple as that. If it's the customer who has spelt something wrong, then unfortunately they are going to have to pay. It's fairly black and white. There is a summary page reminding the customer what it is they're getting before they book.' (National Travel Business)

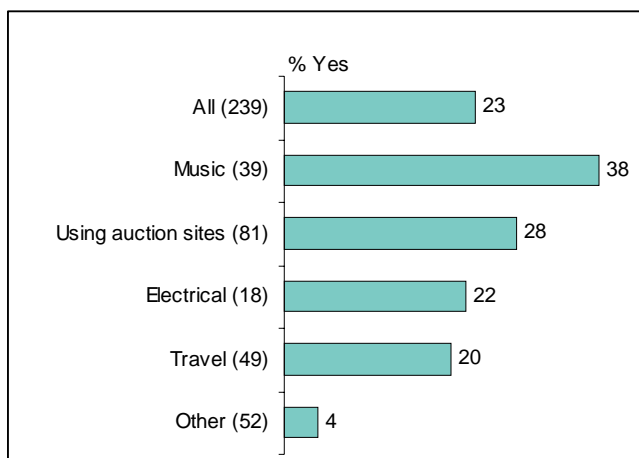
'In most cases a dispute for online customer would be something like 'You've charged me the wrong price' or 'I never received the goods but you say they were shipped'. In pretty much every case, the dispute can be resolved by speaking to our suppliers or by absorbing the difference in price and refunding the customer and/or offering them compensation.' (National Music Retailer)

3.57 A quarter of those selling online to consumers abroad admit to having experienced problems. The incidence of experiencing problems is highest among music retailers (38 per cent). Delivery issues present the most significant problems. Approaching half resolve these by talking to the consumer directly. However, a quarter report that they were unable to resolve the problem.

**Chart 3.26: Experience of problems selling online abroad**

**Q: Have you ever experienced problems selling to consumers abroad?**

**Base: All selling online to consumers abroad (239)**



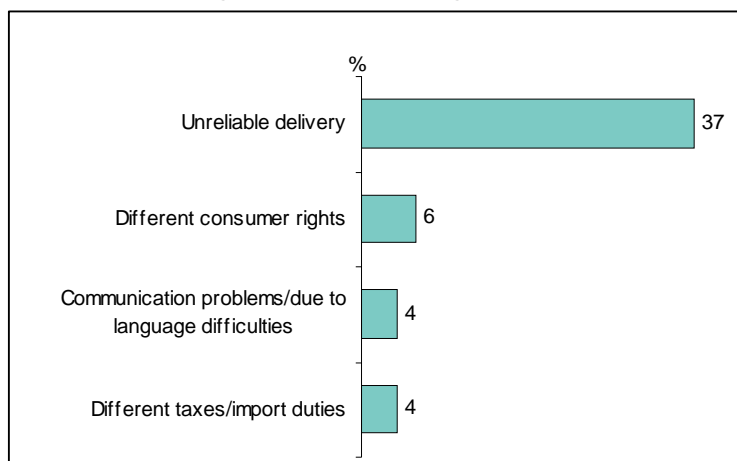
3.58 Asked what problems they have encountered selling online abroad, unreliable delivery emerged as the greatest problem mentioned by 37 per cent of respondents. Delivery issues are the main cause of complaints among domestic customers too.

3.59 Those experiencing problems selling online to consumers abroad also mentioned different consumer rights, language barriers and different taxes/import duties.

### Chart 3.27: Nature of problems selling online abroad

**Q: What are the most significant problems you have encountered?**

**Base: All having problems selling online to consumers abroad (54)**

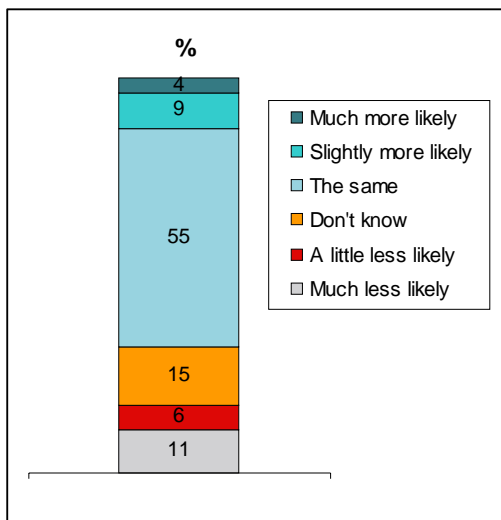


3.60 Comparing the incidence of complaints from UK consumers buying online and non-UK consumers, businesses report on balance a lower likelihood of complaints arising from sales to non-UK consumers. While 13 per cent say that sales to non-UK consumers are more likely to generate complaints, 17 per cent say that they are less likely to. Two thirds report no difference or could not say. The exceptions to the general rule are music retailers and businesses selling via internet auction sites which have a higher proportion claiming that internet sales to non-UK consumers are more likely to generate complaints.

**Chart 3.28: Comparative level of complaints: abroad versus UK**

**Q: Are your internet sales to non-UK consumers more or less likely to generate complaints than your internet sales to UK consumers?**

**Base: All selling online to consumers abroad ever receiving complaints (174)**



## Understanding of laws applying to internet shopping

3.61 Businesses selling online or those who have ever considered or are considering doing so were asked which of seven pieces of information about their business they have a legal duty to provide to consumers buying online from them. As noted in 2.3, interviews were completed by general managers not legal experts.

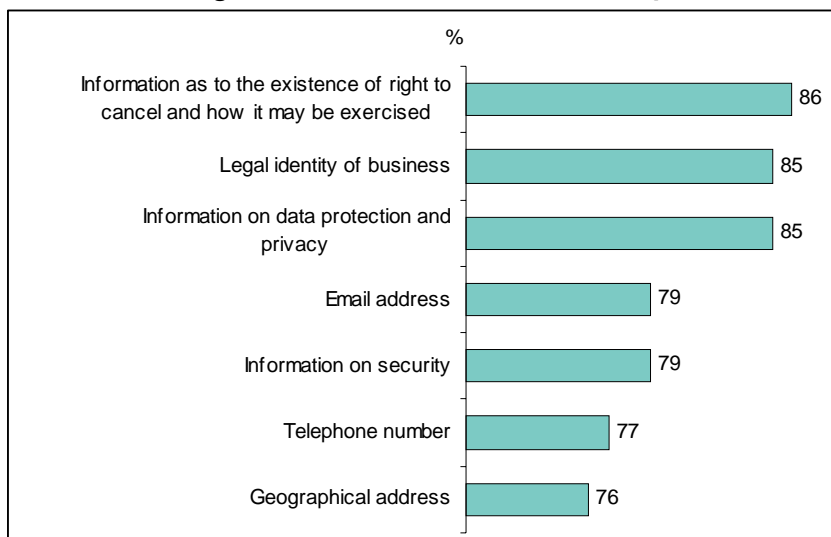
3.62 The vast majority rightly believe they must provide information about customers' right to cancel, the legal identity of the business and information on data protection. However, a fifth of businesses do not think they have to provide their email address and a quarter do not believe they have to provide their geographical address.

3.63 There is no difference between businesses currently selling online and those not selling online in their understanding of what information they are legally obliged to provide on selling websites. Travel businesses tended to mention more of these pieces of information than electrical retailers which in turn mentioned more than music retailers.

### Chart 3.29: Awareness of legal obligations regarding information provision

**Q: Which of the following does a business which deals with consumers over the internet have a legal duty to provide?**

**Base: All selling online, ever considered or may start to (867)**

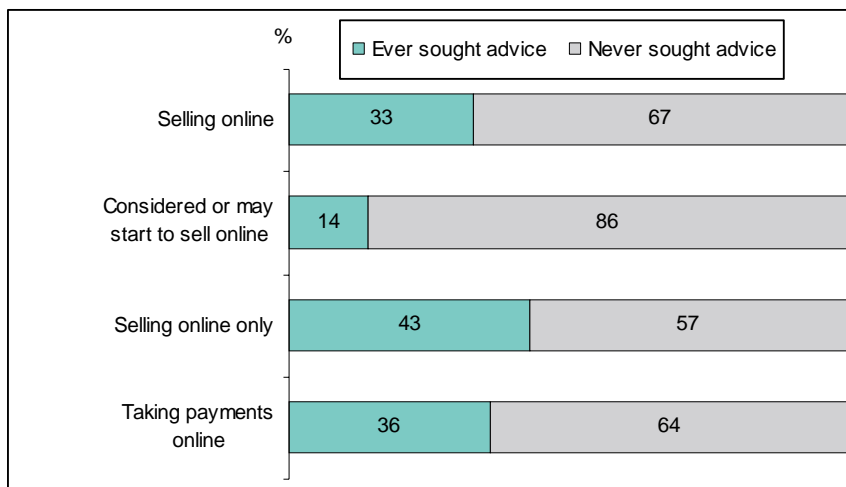


3.64 As many as two thirds (67 per cent) of companies currently selling online and approaching six in ten (57 per cent) of those which sell online only, have never sought advice about the laws applying to internet shopping. Only one in seven (14 per cent) of businesses thinking about selling online have sought advice.

### Chart 3.30: Seeking advice on laws applying to internet shopping

**Q: Have you ever sought advice about the laws applying to internet shopping?**

**Base: All selling online, ever considered or may start to (867)**

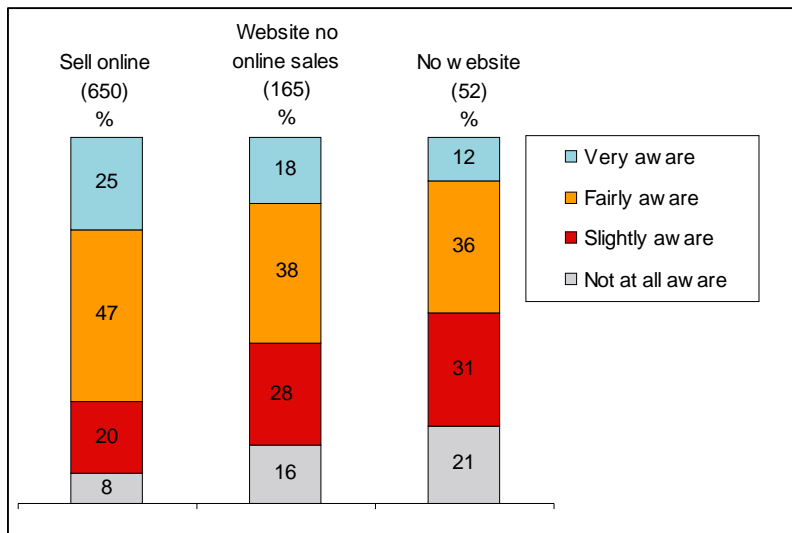


3.65 Just under three in ten of those who sell online admit to being only slightly aware or not at all aware of the laws applying to internet shopping. Nearly half professed to being fairly aware of the laws. Businesses not selling online are less aware of the laws.

**Chart 3.31: Confidence in awareness of laws**

**Q: How aware do you think you are about the laws applying to internet shopping?**

**Base: All selling online, ever considered or may start to (867)**



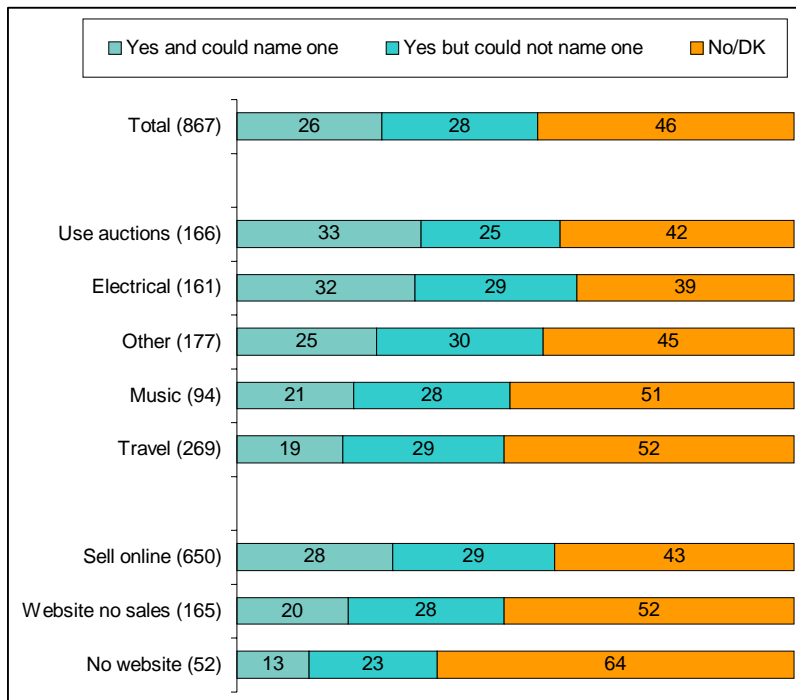
3.66 Asked whether they are aware of specific regulations covering online shopping rather than offline shopping, just over half of those selling online or considering selling online claim to be aware (54 per cent) but only a quarter could name a specific regulation.

3.67 The ability to name specific regulations is highest among businesses already selling online (28 per cent) as compared with businesses with a website but not selling online and those businesses with no website, those using auction sites (33 per cent) and electrical retailers (32 per cent)

**Chart 3.32: Awareness of specific regulation covering online shopping rather than offline shopping (1)**

**Q: Do you think there are specific regulations that cover online shopping rather than offline shopping?**

**Base: All selling online, ever considered or may start to (867)**



3.68 Specific regulations which businesses selling or considering selling online are most aware of are the Distance Selling Regulations (13 per cent) and the Data Protection Act (nine per cent). One in ten spontaneously mentioned the right to cancel/return goods.

**Chart 3.33: Awareness of specific regulations covering online shopping rather than offline shopping (2)**

**Q: Can you name one of the specific regulations covering online shopping?**

**Base: All selling online, ever considered or may start to who think there are specific regulations covering online shopping (466)**

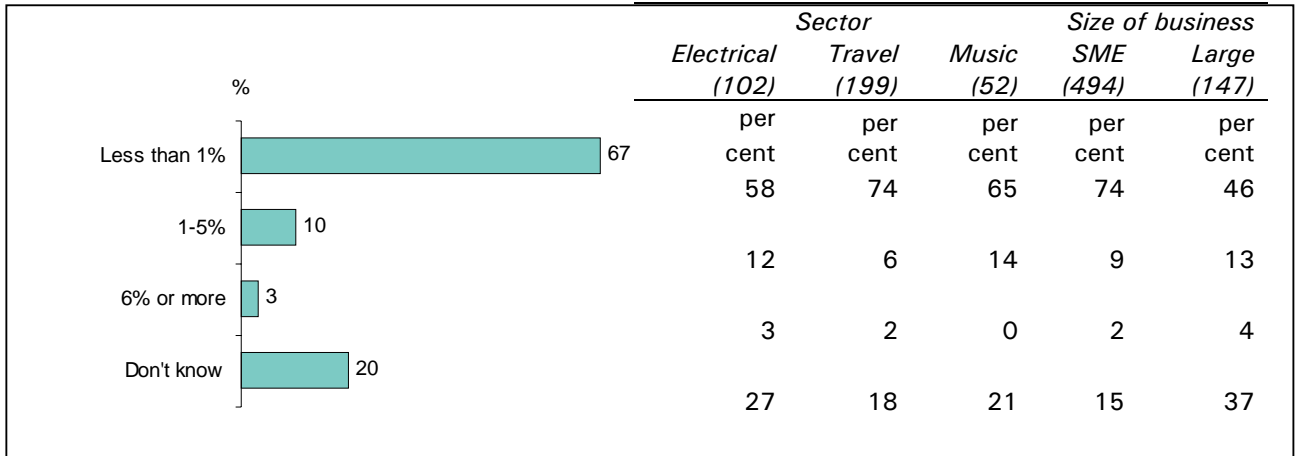


3.69 In 2005, two thirds of businesses selling online reported a very low incidence (less than one per cent) of customers wanting to return goods after delivery even though they were the goods the customer had ordered. Thirteen per cent reported an incidence of one per cent or more wanting to return goods. By sector, travel companies were significantly more likely to report a very low incidence (less than one per cent) of customers wanting to cancel (74 per cent) than other sectors. Small and medium enterprises (SMEs) were more likely to report a very low incidence of cancellations/returns (74 per cent) than larger companies (46 per cent).

**Chart 3.34: Proportion of consumers buying online wanting to return goods**

**Q: In 2005, what proportion of consumers who bought from you online wanted to return goods after delivery although the goods were those they had ordered?**

**Base: All selling online (650)**



- 3.70 Electrical retailers were asked a series of questions about consumers' rights to cancel their purchases, the time period available to them for exercising their right to cancel, when refunds should be paid, whether the supplier can withhold the costs of outward delivery and restocking and whether they can insist that goods are returned in a certain condition. The answers in Table 3.34 highlighted in **bold** are the correct answers based on current legislation and DTI/OFT current guidance.
- 3.71 It is evident that there is confusion among electrical retailers as to the law. One in five selling online (20 per cent) do not believe the customer has a right to cancel or do not know whether they have such a right or not. While approximately half consider that a customer has a longer period in which to cancel than is required by the Distance Selling Regulations, nearly eighty per cent think that a refund only needs to be made after return of the goods. Approaching six in ten believe they can withhold the cost of outward delivery and over four in ten, a restocking fee, which the Distance Selling Regulations does not provide for.

**Table 3.35: Understanding of law regarding return of goods bought online among electrical retailers**

**Base: All electrical retailers selling online, ever considered or may start to (161)**

	<i>All %</i>	<i>Selling online %</i>
Do consumers have a right to cancel...		
<b>Yes</b>	<b>72</b>	<b>80</b>
No/DK	28	20
Window for cancellation after delivery...		
Up to 6 days	3	2
<b>7 days<sup>5</sup></b>	<b>40</b>	<b>39</b>
More than 7 days	51	47
Don't know	6	10
When refund must be made...		
<b>ASAP after cancellation no later than 30 days</b>	<b>14</b>	<b>13</b>
ASAP after return no later than 30 days	79	79
Don't know	7	7
Can supplier withhold cost of outward delivery..		
Yes	56	57
<b>No</b>	<b>27</b>	<b>27</b>
Don't know	17	16
Can supplier withhold restocking/admin fee...		
Yes	43	43
<b>No</b>	<b>42</b>	<b>45</b>
Don't know	15	12
Can supplier insist items need to be returned in a certain condition...		
<b>Yes</b>	<b>92</b>	<b>90</b>
No	5	7
Don't know	3	2

\*The blue options are the correct answers.

3.72 When asked whether the supplier can insist items need to be returned in a certain condition, 90 per cent of those selling online said yes. This response is correct to the extent that the supplier can ask the consumer to take 'reasonable care' of the goods.

<sup>5</sup> The legislation actually provides for seven working days, but for simplicity the questionnaire referred to just 'seven days'

- 3.73 Music retailers are even more confused about the law. Over a quarter (27 per cent) selling online do not believe customers have a right to cancel or don't know whether they have such a right or not. Three in ten (30 per cent) of music retailers selling online who know consumers have a right to cancel do not know the length of the window for cancellation or think it is 6 days or less). An even higher proportion than electrical retailers (86 per cent) think they are expected to refund within 30 days of the return date. The law states they must refund within 30 days of the cancellation date.
- 3.74 As with electrical retailers selling online, just over half of music retailers selling online wrongly think they can withhold the cost of outward delivery (51 per cent). Just under a third (31 per cent) of music retailers selling online knew that there are additional conditions relating to the return of CDs. A lower proportion (22 per cent) of music retailers selling online wrongly believe they can withhold a restocking/admin fee.

**Table 3.36: Understanding of law regarding return of goods bought online among music retailers**

**Base: All music retailers selling online ever considered or may start to (94)**

	<i>All %</i>	<i>Selling online %</i>
Do consumers have a right to cancel...		
<b>Yes</b>	<b>72</b>	<b>73</b>
No/DK	28	27
Window for cancellation after delivery...		
Up to 6 days	5	9
<b>7 days</b>	<b>22</b>	<b>24</b>
More than 7 days	53	46
Don't know	19	21
When refund must be made...		
<b>ASAP after cancellation no later than 30 days</b>	<b>9</b>	<b>8</b>
ASAP after return no later than 30 days	82	86
Don't know	9	5
Can supplier withhold cost of outward delivery..		
Yes	51	51
<b>No</b>	<b>30</b>	<b>27</b>
Don't know	19	22
Can supplier withhold restocking/admin fee...		
Yes	19	22
<b>No</b>	<b>49</b>	<b>51</b>
Don't know	31	27
Are there additional conditions for returns of CDs.		
<b>Yes</b>	<b>29</b>	<b>31</b>
No	29	15
Don't know	42	41

\*The blue options are the correct answers.

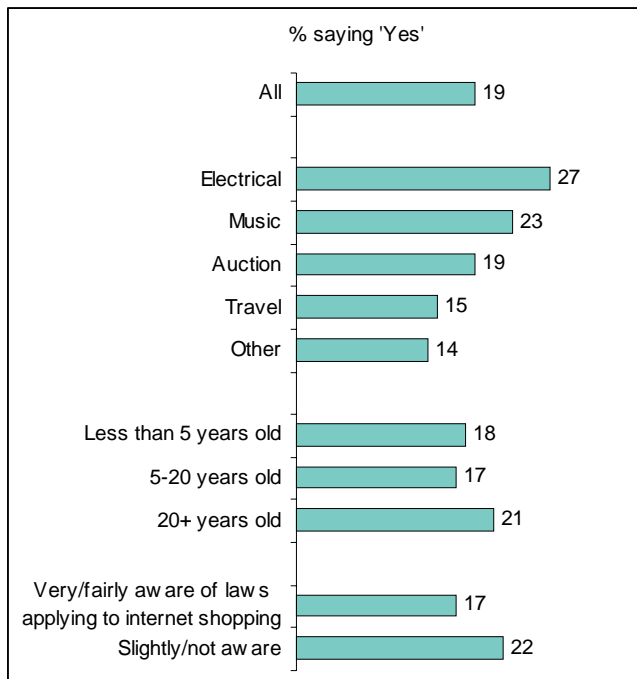
## Guidance on the Law

3.75 Just under one in five (19 per cent) of businesses selling online or considering selling online say they need more guidance on specific areas of the law. The need for more guidance is highest among electrical (27 per cent) and music (23 per cent) retailers. There is no significant difference in need for advice between young and old companies nor between those who claim they are very or fairly knowledgeable about the law and those who say they are only slightly or not at all knowledgeable.

**Chart 3.37: Need more guidance on the law**

**Q: Are there any specific areas where you need more guidance on the law?**

**Base: All selling online, ever considered or may start to (867)**



3.76 Of those requiring more guidance, one in five want information about consumer rights, another one in five about the law surrounding returns and one in eight about the Data Protection Act. Others would like more guidance on standard terms and conditions relating to online sales.

**Chart: 3.38 Areas need more guidance on**

**Q: Please give details of the areas you need more guidance on?**

**Base: All selling online, ever considered or may start to needing more guidance on the law (163)**

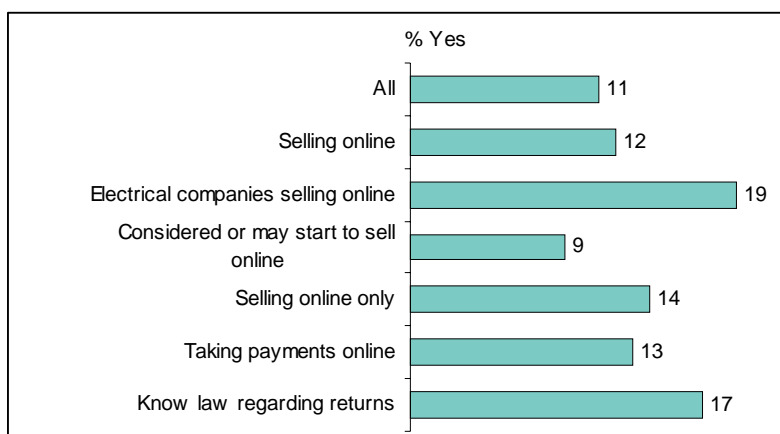


3.77 Just over one in ten businesses selling online or considering selling online believe there are parts of the law applying to internet shopping which have made or could make selling online problematic. Electrical businesses selling online and businesses claiming to know the law regarding returns are almost twice as likely than other businesses to see (possible) problems.

### Chart 3.39: Proportion claiming law could make selling online problematic

**Q: Are there any parts of the law applying to internet shopping which have made or could make selling online problematic?**

**Base: All selling online, ever considered or may start to (867)**



3.78 When asked if there were parts of the law applying to internet shopping which were problematic, only 11 per cent (97) of those businesses with websites provided identified problems. These included the returns policy, issues surrounding pricing, consumers' right to cancel and Distance Selling Regulations.

### Table 3.40: What is (could be) problematic about the law

**Base: All who could think of parts of the law which (could) make selling online problematic (97)**

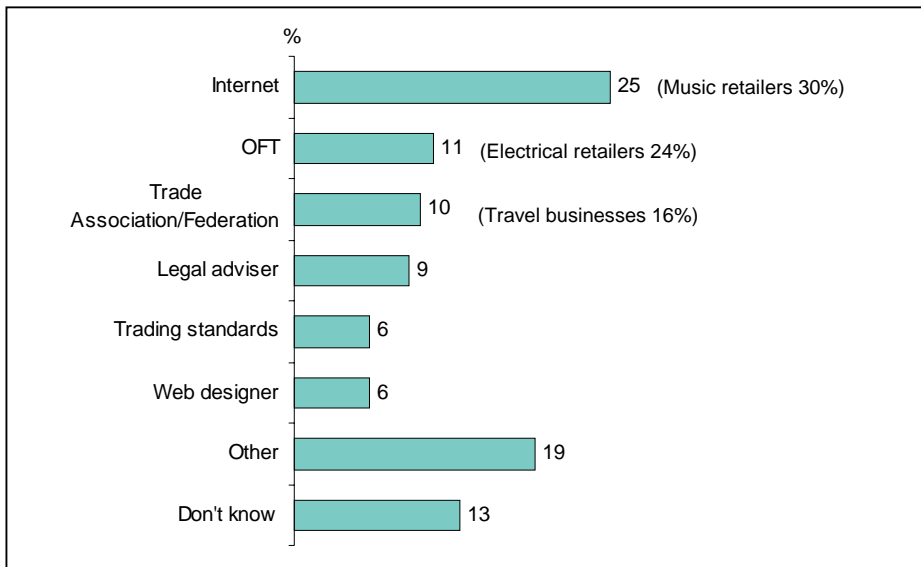
	%
The returns policy	22
Price/discount issues	13
Right to cancel	11
Distance Selling Regulations	10
Credit card issues	7
Security	6
Data protection	6

3.79 Businesses were asked where they would turn to with questions about the law relating to online selling. A quarter would source information from the internet. Just over one in ten would seek advice from the OFT, another one in ten from a Trade Association/Federation and nine per cent from a legal adviser. Thirteen per cent would not know where to turn for advice and guidance. Music retailers are more likely to turn to the internet for advice, electrical retailers to the OFT and travel businesses to trade associations.

**Chart 3.41: Where would businesses turn for advice about the law**

**Q: If you had any questions about the laws applying to internet shopping where would you turn in the first instance?**

**Base: All selling online, ever considered or may start to, except those who have already sought advice (624)**

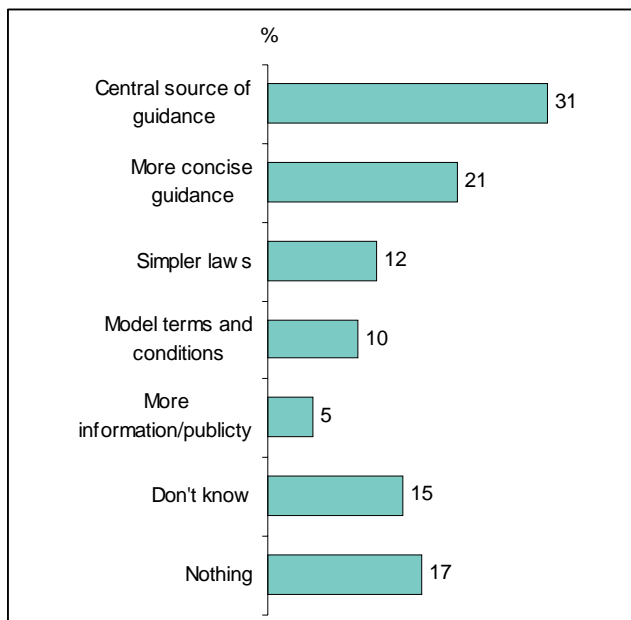


3.80 Asked what would help them be more aware of the laws which apply, just over three in ten suggested a central source of guidance. There were calls for more concise guidance, simpler laws, model terms and conditions and more information/publicity about the law.

### Chart 3.42: What would help greater awareness of the law

**Q: What if anything, do you think would help you to be more aware of the laws which apply?**

**Base: All selling online, ever considered or may start to (867)**



3.81 Businesses welcomed the idea of a central source of guidance in the follow up in depth interviews:

'I think that would be fantastic because there are a number of places where you can get information about the internet but it does tend to be quite disparate. It's not all contained in one place and it's kind of split between industry bodies and consultancy firms. So I think it would be good to have it all contained in one place.' (National Music Retailer)

3.82 One travel business suggested that the OFT should present a more 'industry-friendly' face:-

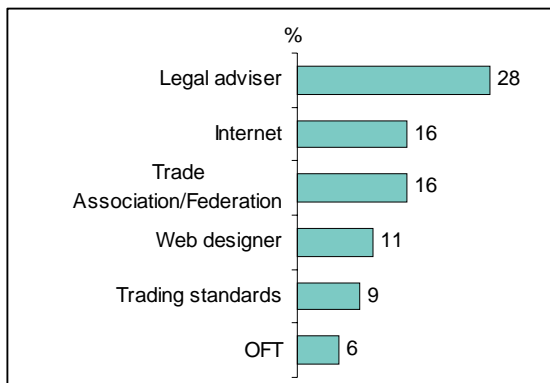
'I think traders tend to go for the local Business Link for information rather than the OFT. They tend to think of the OFT as a knight in shining armour for the general public. Perhaps they could put themselves across as having another side to them, that they're not just there to prosecute every firm that's doing wrong but also there to try and help them not to do wrong in the first place.' (Regional Travel Business))

3.83 Those who have sought advice about the law mainly went to a legal adviser (28 per cent), sourced information from the internet (16 per cent) or contacted their Trade Association (16 per cent). Six per cent obtained advice from the OFT. Eleven per cent sought advice from their web designer.

### Chart 3.43: Source of advice about the law

**Q: Where did you get your advice?**

**Base: All ever seeking advice about the laws applying to internet shopping (243)**



'We got ours from the Department of Trade and Industry website and from our industry body which has a legal support helpline which advises us on what we should do if we come across an unusual situation.' (Regional Electrical Retailer)

'Its just about working with businesses, working with agencies, working with partners and working with suppliers that have experience in e-commerce and utilising their skills and knowledge in order to build our business.' (National Music Retailer)

### **Codes of Practice/Trade Associations**

3.84 Just over half of businesses selling online are members of a Code of Practice or a Trade Association. There is no significant difference in the proportions of SMEs (1-49 employees) and larger businesses (50+ employees) signed up to Codes of Practice/Trade Associations. One in five of those not signed up claim to be unaware of schemes. Businesses would be persuaded to sign up to a scheme endorsed by the Government and/or a well known brand especially if it might boost sales.

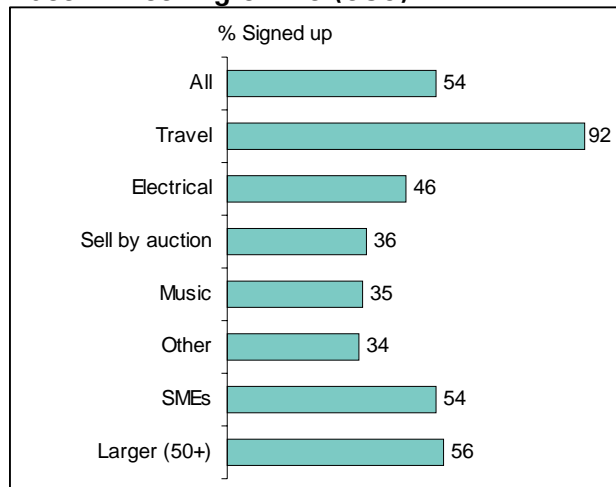
### **Chart 3.44: Membership of Codes of Practice/Trade Associations**

**Q: For each of the following please state whether you are a member of the scheme...**

- |    |                     |     |                                     |
|----|---------------------|-----|-------------------------------------|
| 1. | <b>Safebuy</b>      | 7.  | <b>Fit to Trade</b>                 |
| 2. | <b>ISIS</b>         | 8.  | <b>Trusted web trader</b>           |
| 3. | <b>ATOL</b>         | 9.  | <b>ABTA</b>                         |
| 4. | <b>WebTrader UK</b> | 10. | <b>Direct Marketing Association</b> |
| 5. | <b>Trust UK</b>     | 11. | <b>VeriSign</b>                     |
| 6. | <b>Shopsafe</b>     | 12. | <b>COMODO</b>                       |

**Q: Are you members of any other Trade Associations not already mentioned, that have their own code of practice for online selling?**

**Base: All selling online (650)**

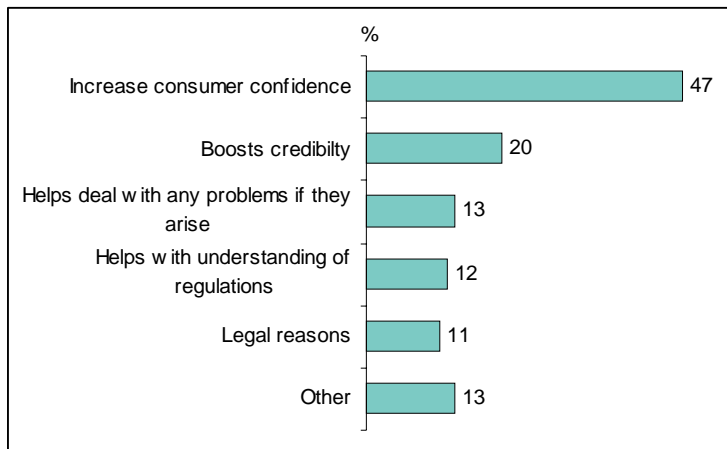


3.85 Businesses are signed up to Codes of Practice in order to increase consumer confidence. Those signed up perceive that membership boosts their credibility and also helps them deal with any problems that may arise. They state that it also aids understanding of the regulations.

### Chart 3.45: Reasons for signing up to a code of practice

**Q: Which of the following are reasons for signing up to a code of practice?**

**Base: All members of a code of practice or trade association (353)**



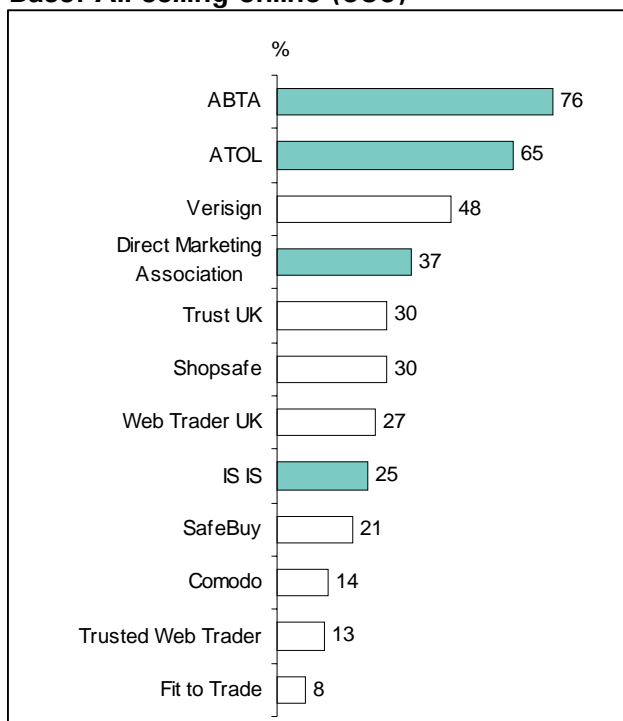
3.86 ABTA and ATOL are the most widely recognised names in a list of logos associated with schemes aimed at increasing consumer confidence read out to respondents. This is partly due to the skew towards travel businesses (as discussed in 2.6) in the sample of online traders. Internet security schemes are shown as white bars in Chart 3.46 below. Trade Associations are shown as shaded bars. Just under half of businesses selling online know of Verisign and approaching four in ten, the Direct Marketing Association. Three in ten have heard of Trust UK, Shopsafe and Web Trader UK. Three in ten have heard of Trust UK, Shopsafe and Web Trader UK.

3.87 Knowledge or lack of the various security schemes is dealt with together and the same occurs with the trade association

**Chart 3.46: Awareness of schemes**

**Q: For each of the following please state whether you are aware of the scheme**

**Base: All selling online (650)**



# A ANNEXE

## THE QUESTIONNAIRE

7272

Page 1 Card: 1

Serial: \_\_\_\_\_ (1-5)  
Card: 01 (6-7)

ONRESP 'exit'GO HANGUP

GOTO CON1

CMPL Flag for complete interviews

(8) SP  
Complete.....1  
Short complete.....2  
Not complete.....3  
Close - Q2.....4  
Close - Qb.....5

TELNO TELEPHONE NUMBER

SERIAL Respondent serial number

0 TO 99999 \_\_\_\_\_ (9-13)

VERSION Version

(14) SP  
1.....1  
2.....2

CON1 CONTINUE

WDAY

\_\_\_\_\_ (15-17)

DATUM

\_\_\_\_\_ (18-25)

TIMSTA

\_\_\_\_\_ (26-33)

TIMEND

\_\_\_\_\_ (34-41)

NAME

\_\_\_\_\_ (42-51)

LOGNAME

\_\_\_\_\_ (52-61)

FDIAL

\_\_\_\_\_ (62-65)

FSTAT

\_\_\_\_\_ (66-68)

SET WDAY=DAYOFWEEKS

```
SET DATE6=DATE
SET YEAR=
NSUBSTR (DATE6,1,2)
IF (YEAR>37){
SET DATE8='19'
}ELSE{
SET DATE8='20'
}
CALLFUNC('append',DATE8,DATE6)
SET DATUM=DATE8
SET TIMSTA=TIME
SET NAME=INTNAME
SET VARNAME='LOGNAME'
CALLFUNC('getenv',VARNAME,VARVAL)
SET LOGNAME=VARVAL
SET POD=PARTOFDAY
SET MINUST=TESTINGR
SET SNAP=IFSNAP
SET OUTCODE=0
SET SERIAL=RESPONDENT
SET CMPL='Not complete'
SET VERSION='2'
UNSET DIALER
SET QUERY=701
CALLFUNC('querysms',QUERY,DIALER)
SET FDIAL=DIALER
SET NOSERVER=LOGICAL(DIALER=NULL)
UNSET VARVAL
SET VARNAME='QCSTATION'
CALLFUNC('getenv',VARNAME,VARVAL)          SET FSTAT=VARVAL
SET STATION=
NSUBSTR (VARVAL,1,2)
IF (DIALER=1.AND.STATION>0){
SET RECORD='
=====@{
RECORDED QUESTION - Press [RETURN] BEFORE reading question      }@
=====@@'
}ELSE{
```

```
SET RECORD=' '
CALLFUNC('disable_audio_record')
}
```

---

```
SET VARNAME='key'
SET VARVAL=' '
CALLFUNC('getsmvar',VARNAME,VARVAL)
```

SKEY

Card: 02 (6-7)

%VARVAL% \_\_\_\_\_ (8-27)

---

```
SET VARNAME='telnumb'
SET VARVAL=' '
CALLFUNC('getsmvar',VARNAME,VARVAL)
```

STEL

%VARVAL% \_\_\_\_\_ (28-47)

---

```
SET TELNO=VARVAL
SET VARNAME='smptype'
UNSET VARVAL
CALLFUNC('getsmvar',VARNAME,VARVAL)
IF (VARVAL=' '.OR.VARVAL=NULL){
```

QSMP

SAMPLE TYPE:

(48) SP

Spare.....1  
Large Companies interviewed on pilot.....2  
Travel/Music with websites.....3  
Yell Experian.....4

---

```
}ELSE{
IF (VARVAL='1'){
SET QSMP='Spare'
}
IF (VARVAL='2'){
SET QSMP='Large Companies interviewed on pilot'
}
IF (VARVAL='3'){
SET QSMP='Travel/Music with websites'
}
IF (VARVAL='4'){
SET QSMP='Yell Experian'
}
}
SET VARNAME='contact'
UNSET VARVAL
CALLFUNC('getsmvar',VARNAME,VARVAL)
```

SCONT

%VARVAL% \_\_\_\_\_ (49-78)

---

```
SET VARNAME='company'
UNSET VARVAL
CALLFUNC('getsmvar',VARNAME,VARVAL)
```















































































