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Crossing the e-commerce trust divide

2024 Chubb E-Consumer Report



The differing views of trust by consumers and e-sellers - and the implications for e-commerce platforms and social media marketplaces

The digital revolution has erased borders, bringing vendors and shoppers together from around the world, and accessible at our fingertips. But it's also brought the issue of trust front and center in ways retail has never experienced. Customers have to trust that what they're buying, and who they're buying from, is what they see, while e-sellers have to trust that their customers are who they say they are. Trust is now the cornerstone of shopping whether on e-commerce platforms, such as Amazon, Etsy and Lazada; online storefronts, such as macys.com and sephora.com; or, increasingly, social media marketplaces, including Facebook Marketplace, Instagram Shopping and TikTok Shop.

As the immutable foundation of today's digital economy, trust must be continuously built and protected.

Safeguarding that trust requires looking at the e-commerce landscape holistically. It means understanding the channels where consumers and e-sellers feel the most comfortable, and uncovering their priorities and perspectives on things like supply chain and gaps in the digital infrastructure. It means understanding where trust breaks down, and how to address these weak spots across the e-commerce landscape, including social media marketplaces.



For insights into these topics, Chubb, in partnership with iResearch, conducted a new global survey of 500 consumers, age 18 and over, and 525 e-sellers, to learn participants' attitudes toward various aspects of e-commerce. A full description of the survey methodology can be found at the end of this report.

The main findings include:

Consumers who use them trust social media marketplaces more than standard e-commerce platforms.

E-commerce platforms rank lower in trust than social media marketplaces, online storefronts, and bricks and mortar locations. Sellers, on the other hand, remain wary of social media marketplaces — particularly with respect to back-end processing.

Heightened trust in social media marketplaces is not limited to Gen Z, or women.

Millennials and Gen X also prefer social media marketplaces with an overall gender gap that finds men to be more frequent customers of these channels. Considering these generations have greater discretionary spending levels, they stand to drive rapid growth by social media marketplaces in the future.

Latin American consumers use online stores more than their global counterparts.

Nearly three-quarters of Latin American respondents said they visit and purchase from e-commerce platforms at least several times a month. These shoppers also trust social media commerce more than other platforms.

Both consumers and e-sellers want a more secure end-to-end shopping experience.

Breaches and glitches, including financial fraud, delays, and payment problems continue to tarnish the shopping experience for consumers, while e-sellers are frustrated by back-end processing delays. Added services, such as an offer of insurance, may help increase trust — and sales.

The stakes around increased trust are high. While final year-end sales were still being tallied at the time of this report's publishing, global e-commerce sales will likely reach \$5.8 trillion in 2023, up 16% from \$5 trillion in 2021, according to estimates from Insider Intelligence. The market is expected to grow by another 38% to about \$8 trillion in 2027.^{1,2}

And there's room for growth. According to the Boston Consulting group, e-commerce accounted for 18% of global retail sales in 2017. By 2027 the group expects that number to jump to 41%.³

But social commerce may present the biggest prize of them all. The global market, estimated at US\$992.4 billion in 2022, is projected to increase to US\$8.5 trillion by 2030, growing at a CAGR of 30.7% over the analysis period 2022-2030.⁴

1. Worldwide Ecommerce Forecast 2023, Insider Intelligence, October 13, 2023. <https://www.insiderintelligence.com/content/worldwide-ecommerce-forecast-2023>
2. Quarterly Retail E-Commerce Sales, 3rd Quarter 2023, U.S. Census Bureau, November 17, 2023. https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf
3. E-Commerce Poised to Capture 41% of Global Retail Sales by 2027—Up from Just 18% in 2017, Boston Consulting Group, October 31, 2023. <https://www.bcg.com/publications/2023/winning-formulas-for-e-commerce-growth>
4. Social Media Commerce - Global Strategic Business Report, Global Industry Analysts, Inc., December 2023. <https://www.researchandmarkets.com/reports/5140143/social-commerce-global-strategic-business-report>

FINDING #1:

Consumers who use them trust social media marketplaces more than standard e-commerce platforms

Consumers who use social media commerce channels trust them more than standard e-commerce platforms but for e-sellers, the situation is reversed.

Consumers take an omnichannel approach to online shopping, buying from e-commerce platforms such as Amazon or Lazada, as well as social media marketplaces through platforms like Facebook or Instagram. Among those surveyed (who were selected because they buy from standard e-commerce platforms at least some of the time) approximately one-third (32%) purchase through social media marketplaces. Of that group, 85% expressed trust in social media marketplaces. Only 48% expressed trust for e-commerce platforms. (Figure 1)

Figure 1

Trust levels among consumers

Social media marketplaces	85%
Bricks and mortar	70%
Company digital storefronts	55%
E-commerce platforms	48%

Percentage of respondents answering with either 1 or 2 out of 4, with 1 indicating the highest level of trust in the channel. Percentages are based on the sample of consumers who use each channel.



E-sellers told a very different story. While 81% sell through social media marketplaces and nearly three-quarters trust social media front-end services like marketing, that trust fades when it comes to back-end processes — including inventory management, shipping and fulfillment and payment processing. E-sellers have greater trust in the back-end functions of e-commerce platforms (sometimes even more trust than in their own dedicated sites) especially when it comes to managing and tracking inventory and payment processing.

Then there’s the challenge of navigation. Only 30% of e-sellers said they trust ease of navigation on social media marketplaces compared to 65% expressing trust for e-commerce platforms and 59% saying they trust direct digital storefronts. (Figure 2)

Figure 2

Trust levels among sellers

	E-com	Social	Direct
Product marketing	82%	72%	79%
Inventory management	52%	25%	39%
Shipping and fulfillment	57%	33%	64%
Payment processing	67%	35%	65%
Refunds/returns	47%	31%	54%
Security and privacy	72%	42%	70%
Ease of navigation	65%	30%	59%

E-sellers also have concerns about social media marketplaces' ability to handle order-to-cash processes in online transactions because the sellers can't control delivery and payment through these channels. For example, 70% say their items sold on social media marketplaces are not delivered in good condition, compared to 54% for e-commerce platforms. Limited delivery options are also a problem for 65% of e-sellers and 60% are concerned about their lack of control over the state of the goods delivered to customers through social media marketplaces, compared to 39% for e-commerce platforms. (Figure 3)

Figure 3

Process issues for e-sellers with e-commerce and social media marketplaces

(Rated as most important)

	E-com	Social
Returns are damaged	57%	69%
Expensive shipping fees	50%	36%
Lack of control over state of goods	39%	60%
Slow delivery	49%	55%
Parcels not delivered in good condition	54%	70%
Limited delivery options	52%	65%
High transaction fees	46%	62%
Funds take a long time to reach	43%	58%
Limited payment models	51%	68%

FINDING #2:

Heightened trust in social media marketplaces is not limited to Gen Z, or women

Buyers 58 or younger – encompassing Gen Z, millennials and Gen X – tend to be more comfortable with social media commerce than with other sales channels. And men tend to use social media platforms for shopping more than women by a gap of 61% to 31%.

In the youngest age group surveyed, those who comprise Gen Z, shop through social media at twice the rate of Gen X shoppers. (Figure 4)

Figure 4

Social media shopping

by generations

Generation Z (ages 18-26)	46%
Millennials (27-42)	30%
Generation X (43-58)	22%
Baby boomers (59+)	0%



And all of these generations express high levels of trust in social media marketplaces: 89% for Gen Z, 78% for millennials and 88% for Gen X. When it comes to e-commerce platforms, all age groups exhibit similar levels of trust (around 50%) while Gen Z has slightly less trust at 44%. (Figure 5)

Figure 5

Trust in channels

by generations

	18-26	27-42	43-58	59-68
Bricks and mortar	67%	71%	72%	73%
E-commerce	44%	49%	50%	50%
Social media	89%	78%	88%	0%
Company digital storefront	48%	57%	58%	77%

Percentage of respondents answering with either 1 or 2 out of 4, with 1 indicating the highest level of trust in the channel. Percentages are based on the sample of consumers who use each channel.

Trust in social media marketplaces is particularly high among younger shoppers because of their trust in influencers who recommend products they promote or review. “Social media commerce is based on influencers. YouTubers and TikTokers have a lot of credibility,” says Gabriel Lazaro, executive vice president and head of Digital for Chubb’s international business. These influencers – who reach audiences via social posts and video, command highly loyal followings. Their endorsements function as a modern variant of the peer recommendation, which has long been the most effective sales tool.

“Whether it’s on social media, or on e-commerce platforms, the customer journey must be simple and easy and give the consumer confidence - their trust is fragile. Delivery issues, damaged products and online scams can all shatter consumer trust in an instant, and customer loyalty is critical in the age of digital commerce.”

Amy McNeece
Senior Vice President,
Digital Consumer
Partnerships for Chubb
in North America



FINDING #3:

Latin American consumers use online stores more than their global counterparts

Across the four regions covered in this survey, Latin American consumers are the most frequent users of online stores. Close to three-quarters, 74%, visit and purchase from e-commerce platforms at least several times a month compared to 62% of North American, 59% of European and 56% of Asian respondents. One in four (25%) of the Latin American respondents shop online several times a week — twice the rate of consumers in other parts of the world. (Figure 6)

Figure 6

Frequency of purchases from e-commerce platforms

by region

	Latin Am	APAC	Europe	North Am
Several times/week	25%	13%	12%	12%
Several times/month	49%	43%	47%	50%
TOTALS	74%	56%	59%	62%

Percentage of respondents answering with either 1 or 2 out of 4, with 1 indicating the highest level of trust in the channel. Percentages are based on the sample of consumers who use each channel.

The distinction is especially pronounced with social media platforms where 37% of Latin American respondents shop several times a week — compared to 19% of Asian and 19% of North American consumers. (No European consumers indicated shopping on social media this frequently.) (Figure 7)

Figure 7

Frequency of purchases from social media platforms

by region

	Latin Am	APAC	Europe	North Am
Several times/week	37%	19%	0%	19%
Several times/month	42%	32%	29%	21%
TOTALS	79%	51%	29%	40%

Percentages based on subsample of consumers using social media channels.

“Latin America’s fast-paced online shopping reveals a savvy digital consumer,” Lazaro says. “This has been driven by mobile and social media leapfrog behaviors during the last decade. The emerging middle-class consumer has access, thanks to e-commerce platforms, to a wider and broader range of services than through traditional channels.”

In keeping with the global trend, Latin American consumers who shop on social media marketplaces trust these channels the most (84%) and e-commerce platforms the least (48%). (Figure 8)

Figure 8

Trust levels among consumers

by region

	Latin Am	APAC	Europe	North Am
Social media platforms	84%	86%	91%	79%
Bricks and mortar	73%	74%	67%	69%
Company websites	57%	56%	56%	52%
E-commerce platforms	48%	45%	49%	49%

Percentage of respondents answering with either 1 or 2 out of 4, with 1 indicating the highest level of trust in the channel. Percentages are based on the sample of consumers who use each channel.

While e-sellers globally are wary of social media platform back-end services, e-sellers in Latin America express higher levels of trust than sellers in other regions when it comes to payment processing, inventory management, and shipping and fulfillment. (Figure 9)

Figure 9

E-seller trust in social media back-end processes

by region

	Latin Am	APAC	Europe	North Am
Payment Processing	47%	35%	33%	31%
Inventory management	29%	18%	24%	27%
Shipping and fulfillment	38%	33%	30%	32%
Security and privacy	35%	38%	50%	39%



FINDING #4:

Both consumers and e-sellers want a more secure end-to-end shopping experience

Financial fraud, delays and payment glitches continue to hamper the online purchasing experience.

For consumers, online shopping is fraught with challenges. Three-fourths of respondents (75%) have experienced financial fraud, 61% have experienced delays in deliveries, 55% lost payments due to glitches in the purchasing process and 42% report that they have frequently received damaged items.

Financial fraud, the leading concern among respondents, encompasses everything from failure to receive goods or services to losses incurred during the payment process. The high incidence of financial fraud is concerning as consumers are increasingly relying on digital payments for their day-to-day purchases.

There are a variety of strategies that can assure a higher quality experience for both consumers and e-sellers. On the back-end, data protection and cybersecurity are key, including adhering to privacy regulations and using the latest security software, data encryption, SSL certificates, and secure payments gateways.

On the front-end, e-sellers (and platforms) can benefit by giving shoppers visibility into the processing and shipping timeline.

On top of all this, a layer of transaction protection can help assure compensation for any losses that occur along the way. A majority of consumers, 70%, say having greater insurance protection, which today is available from about half of e-sellers according to the survey, would increase their confidence in making online purchases.

This kind of insurance is hard to come by for e-sellers working through e-commerce platforms and social media marketplaces.

“More and more, especially in emerging markets such as Latin America, cash is basically disappearing.”

Gabriel Lazaro,
Executive Vice President of Digital Business for Chubb International



26%

report e-commerce platforms

23%

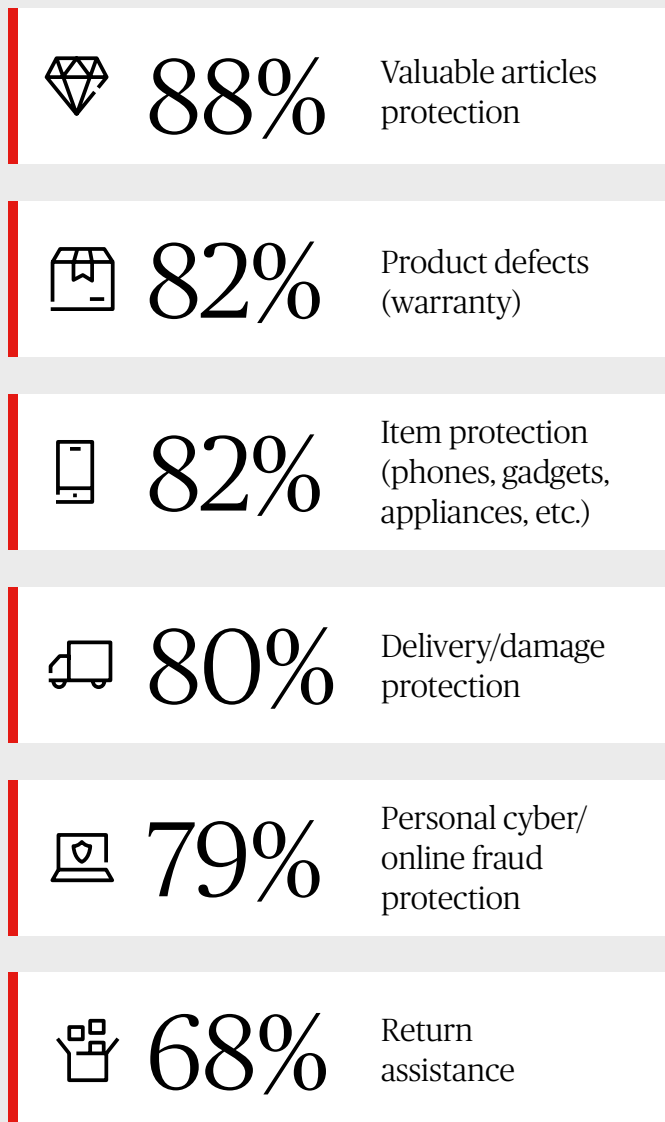
report social media sites

offering relevant insurance options, such as damaged goods protection or protection from products-related lawsuits, to shield their businesses.

For customers, digital insurance protection can offer coverage for losses incurred as a result of financial fraud, lost or stolen goods, or errant shipments. Consumers report that they would most like to have insurance coverage for electronics, followed by home and kitchen appliances, and exercise or sports equipment. Their preferred coverage would include product defect warranties and delivery or damage protection. (Figure 10)

Figure 10

Consumers' preferred forms of online insurance



Offering online insurance can go a long way toward building and maintaining trust, particularly for smaller businesses who, “need to think about how to build and protect their brands, and get repeat customers,” says McNeece. “They want people to come back because they created this trusted experience. But they need to create an experience that’s easy, that’s trusted, and keeps customers coming back. A business owner may have poured their entire life into the company, which has become their identity and brand. So, they have to be really careful about how they put that forward to their customers. In this world, with one misstep, their business could be jeopardized — a post or tweet could result in reputational damage. Business owners need to be thoughtful in how they create trust and provide a consistent experience time and time again to their customers.”

Consumers are already used to seeing offers for insurance on purchases like travel. Coverage options can be as simple as one click during a purchase. Close to one-third of consumers, 32%, say they are willing to pay up to 5% of the total cost of their transactions for relevant insurance coverage. Insurance is about more than just compensation, it’s about creating a positive experience for consumers. “What happens if a purchased item gets lost or stolen?” says Lazaro. “How can we ensure the experience is good? How can we help the consumer have peace of mind?”

An insurance option also “adds additional confidence for the e-seller,” says McNeece. “If you’re going to distribute your product online, you need access to insurance coverage to protect against product liability issues. It’s the difference between the confidence that a platform is looking out for your business, versus just providing a platform to sell products.”

Embedding insurance into e-commerce transactions offers advantages to consumers and the organizations that serve them. Protection for purchases can be only a click away, bringing enhanced loyalty and trust to the fast-growing world of online retail.

Conclusion

The bottom line: Trust is key and building and maintaining trust can help lead to a better shopping experience and improved sales and loyalty. E-commerce transactions and deliveries are often at the mercy of unforeseen conditions, and consumers need to be assured that their purchases are protected, regardless of what happens. E-sellers also need assurances that their transactions and businesses will be protected as online sales grow. That's why insurance can become a vital foundation to the e-commerce product and service lifecycle.

The key is to view the customer experience not as a one-off transaction, but as a continuous commitment that extends from initial marketing to customer use of the product or service, says McNeece. "E-sellers need to consider all aspects of the lifecycle, from acquisition all the way through the culmination of the experience."

Methodology

This survey, commissioned by Chubb, was conducted in November 2023 among 500 consumers who purchase through online channels, including e-commerce platforms, social media marketplaces and digital storefronts, and 525 e-sellers who sell through these online channels. The survey, conducted online and compiled by iResearch, consisted of consumers and e-sellers from North America, Europe, Asia, and Latin America.

Thirty percent of consumers in the survey are based in Europe, 30% in North America, 25% in Asia-Pacific, and 15% from Latin America. The survey also represents a global range of e-sellers. Thirty-two percent are based in North America, 31% are from Europe, 20% are based in the Asia Pacific region, and 18% come from Latin America.

For purposes of this survey, consumers were selected based on their usage of online shopping channels. E-sellers are defined as retailers distributing their products and services via the Internet. Top product categories delivered by the largest segments of e-sellers in this survey include beauty items, personal care items, and clothing.



1. Worldwide Ecommerce Forecast 2023, Insider Intelligence, October 13, 2023. <https://www.insiderintelligence.com/content/worldwide-ecommerce-forecast-2023>
2. Quarterly Retail E-Commerce Sales, 3rd Quarter 2023, U.S. Census Bureau, November 17, 2023. https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf
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