



Effective online information

Studies on the improvement of online information for consumers

Muzenstraat 41 www.acm.nl
2511 WB Den Haag 070 722 20 00

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1 Executive summary

1.1 Introduction

The Netherlands Authority for Consumers and Markets (ACM) finds it important that consumers are able to navigate online markets with confidence. For boosting that confidence, it is important that businesses provide consumers with correct and clear information. In early-2020, ACM published its Guidelines on the Protection of the Online Consumer, in which it explained at what point persuasion turns into deception. If businesses inform consumers in an unclear or inadequate manner, it may be considered deception. In collaboration with several universities and a research agency¹, ACM has explored in what ways businesses are able to provide consumers with clear and easy-to-understand information online by applying behavioral insights. In these studies, ACM examined how transparency regarding prices, paid ranking, and information about cooling-off periods, returns, and general terms and conditions can be improved. These studies revealed that relatively minor adjustments to the designs of the websites can have a major effect on consumer comprehension. The effectiveness of transparency increases, thereby enabling consumers to make a well-founded purchase decision.

1.2 Transparency regarding prices

In many cases, the price of a product or service is a critical element in the consumer's purchase decision. That is why it is important that businesses are clear about prices (including the total price). In some cases, businesses charge additional fees that cannot be included in the price, such as booking fees when booking trips, or one-time connection fees when taking out a mobile plan. Businesses communicate about these extra fees in different ways: using a clickable i-symbol next to the price, using a clickable text such as 'excluding booking fees', or by presenting the extra costs directly next to the price. Commissioned by ACM, VU Amsterdam university studied the effects of these different forms of presenting additional fees in the travel and telecom sectors. The VU looked into the effects of price presentation on how easy-to-spot, clear, and easy-to-understand this information is for consumers. Using two fictitious websites, participants had to do research for booking a holiday (travel industry) or for purchasing a new mobile plan (telecom industry). On both websites, the researchers looked at the three abovementioned ways of communicating about additional fees. The study shows that the clearest way to communicate additional fees is by presenting the extra costs directly next to the price. Consumers almost never click on an i-symbol. Consumers will consider mandatory additional fees to be more unclear if these are found behind an i-symbol than if they are directly presented next to the price. When looking at the different types of price presentations, there are no differences in consumers' decisions whether or not to make a purchase or in their level of trust in the seller.

¹ VU Amsterdam university, Leiden University, [Predictiv](#)

1.3 Paid ranking

In their search results, platforms can use paid ranking. This means that sellers pay extra in exchange for a higher position in the search results. As a result, consumers can thus be misled if it is unclear that the order of the presented search results has been influenced by payments. Platforms can inform consumers about, for example, the use of paid ranking by adding the tag 'sponsored' to these options. Commissioned by ACM, the Knowledge Centre for Psychology and Economic Behaviour (KCPEG) of Leiden University conducted a study into the effect of the tag 'sponsored' on the visibility, clearness, and understandability for consumers. In a second study, it was examined what the effect was of an alternative phrasing ('paid position') and of variations in designs and positions of this tag. The study revealed that the tag 'sponsored', which many platforms currently use to indicate paid rankings, is only understood by a small group of consumers. The tag 'paid position' is clearer to consumers. The visibility of information about paid rankings can be improved by using a striking color or position. If consumers receive clear and easy-to-spot information about paid rankings, they will find this information more important for their purchase decisions.

1.4 Information about cooling-off periods, returns, and general terms and conditions

With regard to online purchases, companies are obliged to provide consumers with clear information about certain purchase conditions, such as the time that they have to return a product, and whether any costs are associated with returns. Consumers are statutorily entitled to a cooling-off period of 14 days, and subsequently have another 14 days to return the product. Businesses must inform their customers about this cooling-off period. If customers have to pay the return costs themselves, businesses must clearly indicate this. Commissioned by ACM, Predictiv conducted a study into the understandability of information about the cooling-off period and returns presented during the ordering process, and into the willingness to read the general terms and conditions (with this information). The study revealed that by already informing consumers during the ordering process about the cooling-off period and the rules regarding returns, businesses are able to increase the level of comprehension of these rules among consumers. The use of symbols and urgency notifications help increase the comprehension of and engagement with this information.

1.5 Final conclusion

These three studies show that minor adjustments to the lay-out or phrasing can have a major effect on consumer comprehension and on the level of clearness of that information to consumers. Providing consumers with clear information, whether it is about paid ranking or returns and the cooling-off period, does not seem to have any effect on the purchase intentions or consumer trust in businesses.

2 Introduction

2.1 Introduction

The Netherlands Authority for Consumers & Markets (ACM) is an independent regulator. ACM's mission is to ensure that markets function well for both people and businesses. It does so by enforcing the rules and regulations that professional market participants must comply with in their dealings with consumers, among other activities. ACM's oversight helps Dutch consumers make well-informed decisions, and it gives them confidence to participate in the economy. In order to ensure that consumers are able to make well-informed decisions, the government (at the national and European levels), and regulators in particular, primarily focuses on transparency requirements. In a nutshell, the rationale for this choice is that all relevant information must be available to consumers, so that they are able to make well-informed decisions. Whether consumers are able to make well-informed decisions about purchases often heavily depends on the way in which a company presents products, services, or options to consumers. ACM sees that businesses in the online economy use behavioral insights when designing their online choice architectures. The design of such architectures influences the way in which consumers make their decisions.

The Dutch Unfair Commercial Practices Act protects consumers against practices that result in them taking decisions about contracts that they would not have made otherwise. In early-2020, ACM published its Guidelines on the protection of the online consumer. The aim of these guidelines is to draw the line between permissible and non-permissible persuasion during a customer journey. The guidelines thus provide guidance for the application of consumer rules to persuasion techniques in online choice architectures. The guidelines have already provided clarity on certain points, but when it comes to enhancing transparency in real life, there are still many different ways to do so.

2.2 The study

When designing their online choice architectures, businesses mainly take into account figures about conversion (will a certain design lead to more sales?). There are few studies into the effects of design on the extent to which consumers are able to make well-informed decisions. To gain more insight into the comprehension and clarity of information that consumers encounter online, ACM in 2019 and 2020 decided to conduct studies into several topics. ACM did so in collaboration with Leiden University (on paid

ranking), VU Amsterdam university (on price transparency), and with Predictiv² (on the cooling-off period, returns, and general terms and conditions).

An experimental research design was used in these studies, where different versions of texts or designs were presented to participants in order to assess what the effects of minor changes are on the comprehension and clarity of the information among consumers. In each study, an environment was created, resembling frequently used online website designs. Using behavioral insights, different versions were created that are said to increase the comprehension and clarity of the information that is presented. Next, it was assessed, using questionnaires and clicking behavior, whether the different versions were actually perceived differently by the research participants. In some of the studies, this step also involved looking into the effects on the willingness to purchase and/or the confidence that consumers have in the seller.

In the next three chapters, we will further explain the research designs, and the results of the studies. We will then formulate the conclusions that we have drawn from the findings, and we explain in what ways ACM will act on these findings.

² Part of BIT UK, see also: <https://www.bi.team/bi-ventures/predictiv/>

3 Price transparency

3.1 Introduction

Businesses must be clear about the total price of a product or service, including all additional costs. Businesses must do so from the first moment they offer consumers a product at a certain price. If a company is unable to state the total price in advance, for example, because the price depends on a choice that a consumer must make at a later stage in the ordering process, then the business must clearly present these costs with the price. Such costs are, for example, booking fees when booking a trip (with an advertised price per person), or one-time connection fees for a mobile plan (with an advertised price per month).

In real life, businesses choose different ways of presenting these additional costs with the price. Some businesses present the additional costs directly with the advertised price. Other businesses use icons when the price is presented for the first time, such as an i-symbol, or they use clickable text that says that the price excludes certain costs. If consumers click on that text or the symbol, they will see those additional costs.

Information about additional costs must be clear to consumers. That is why ACM has studied the effects of these different ways of informing about additional costs on the visibility, comprehension, and clarity for consumers. ACM has also studied the effect of the presentation of information about additional costs on the confidence and behavior of consumers. For this study, the following research questions were formulated:

- Are consumers aware of the additional costs when these costs are presented by an i-symbol, or behind a text?
- Do consumers understand what price information is given, and is it clear to them that the presented price is not complete, and that additional costs still need to be added to them?
- Do consumers find the proposition clear, in particular the price of the proposition (meaning the presented price plus any additional costs)?
- Does the presentation of the price have any effect on the purchase (or the purchase intention)?
- How do the different ways of presenting the price affect the confidence of consumers?

3.2 The research design

In order to answer these research questions, VU Amsterdam university conducted a quantitative survey among 1,208 participants. Two fictitious websites were built for this study: one website for package tours (a travel website), and one website for mobile plans with a phone included (a telecom website). Participants were randomly shown one of these two websites. They were asked to imagine they were planning on booking a vacation, or on taking out a new mobile plan. On the next screen, they were shown one of the two websites with an overview of their options. They were instructed to imagine that these options met their needs, to take a good look at the page, and to comparison-shop as they would in real life.

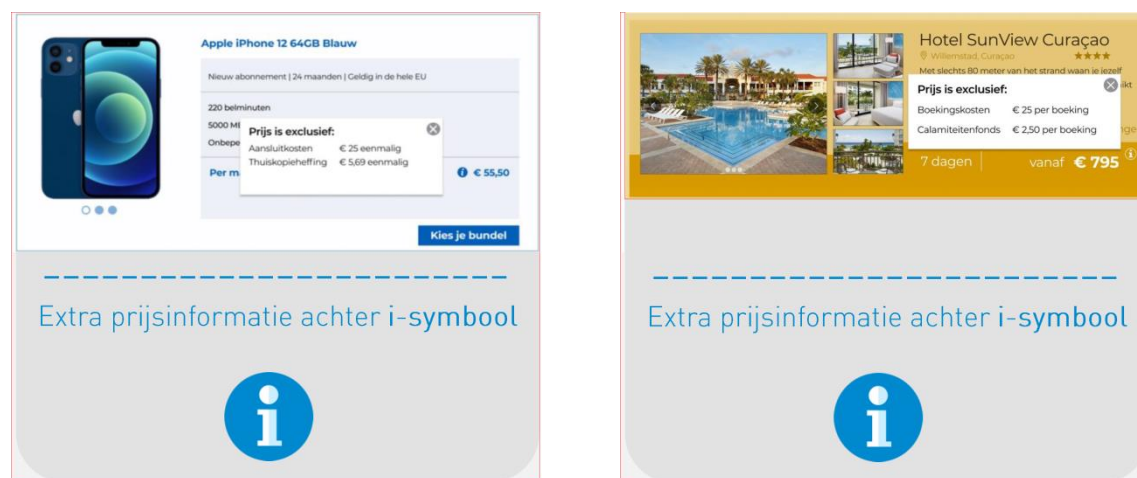
After these instructions, they were shown the same website, with an overview of options for travel packages or mobile phone plans. Within the groups of participants for these two websites (the website for package tours or for mobile plans), participants were then further assigned (randomly) to one of three versions of that website:

1. Costs are behind an i-symbol. The additional costs become visible if the participant clicks on the i-symbol.
2. Additional costs are directly visible. The additional costs are directly visible below the price of the accommodation / the mobile plan.
3. Additional costs are behind text (for example, 'excluding...'). The additional costs become visible if the participant clicks on the text 'excluding booking fees and surcharges' (for the travel sector), or 'excluding one-time fees' (for the telecom sector).

After the participants had been assigned to one of the three different versions of the website, they were asked questions about their behavior, confidence, visibility, clarity, and attitude.

Figure 1. Examples of websites

1. Costs are behind an i-symbol.



2. Additional costs are directly visible.

Apple iPhone 12 64GB Blauw

Nieuw abonnement | 24 maanden | Geldig in de hele EU

220 belminuten
5000 MB 5G mobiel internet
Onbeperkt SMS

Per maand (inclusief toestelkrediet) € 55,50

Exclusief:
Aansluitkosten (eenmalig) € 20,00
Thuiskopieheffing (eenmalig) € 5,69

Kies je bundel

Extra prijsinformatie direct zichtbaar

Hotel SunView Curaçao
Willemstad, Curaçao ★★★★★

Met slechts 80 meter van het strand waan je jezelf midden in Curaçao. Hotel SunView Curaçao beschikt over een eigen zwembad, fitnessruimte en restaurant/lounge.

✓ 4 sterren ✓ Restaurant/lounge

7 dagen vanaf € 795

Exclusief:
Boekingskosten € 25 per boeking
Calamiteitenfonds € 2,50 per boeking

Extra prijsinformatie direct zichtbaar

3. Additional costs are behind text ('excluding...')

Apple iPhone 12 64GB Blauw

Nieuw abonnement | 24 maanden | Geldig in de hele EU

220 belminuten
5000 MB 5G
Onbeperkt SMS

Prijs is exclusief:

Aansluitkosten € 25 eenmalig
Thuiskopieheffing € 5,69 eenmalig

Per maand € 55,50

Exclusief eenmalige kosten*

Kies je bundel

Extra prijsinformatie achter tekst

Hotel SunView Curaçao
Willemstad, Curaçao ★★★★★

Met slechts 80 meter van het strand waan je jezelf midden in Curaçao. Hotel SunView Curaçao beschikt over een eigen zwembad, fitnessruimte en restaurant/lounge.

✓ 4 sterren ✓ Restaurant/lounge

7 dagen vanaf € 795

Prijs is exclusief:

Boekingskosten € 25 per boeking
Calamiteitenfonds € 2,50 per boeking

Exclusief boekingskosten en toeslagen*

Extra prijsinformatie achter tekst




3.3 Study results (travel sector)

Visibility

Participants were asked whether any additional costs were presented apart from the fixed price. Only 8.6 percent of participants were certain that there were additional costs if this information was found behind an i-symbol, compared with 24.6 percent if the additional costs were directly visible, and 23 percent if the additional costs were behind the text 'excluding booking fees and surcharges'.

The participants' clicking behavior reveals that only 2 percent of participants decided to click on the i-symbol to see the extra information. 7.5 percent of participants clicked on the text 'excluding booking fees and surcharges'. These results show that the visibility and comprehension of additional price information behind an i-symbol is low.

Table 1. Visibility and comprehension of price information

			
Yes, I have seen this	8.6%	24.6%	23.0%
Yes, I think I have	33.5%	32.7%	34.0%
I do not know	39.6%	30.7%	34.5%
No, I do not think I have	17.3%	8.5%	6.0%
No, I am sure I have not	1.0%	3.5%	2.5%




Clarity

The way in which mandatory additional costs are presented affects the degree to which the price is clear to participants. Participants were presented statements about the level of clarity of the prices on the website, which they had to rate on a 7-point scale. Participants find prices less clear if the additional costs are behind an i-symbol (3.88) than if such costs are directly visible (4.23). There is no significant difference if the costs are behind text (4.01), compared with other versions of presentation.

Rating of price information

The degree to which participants find it important that businesses inform consumers clearly about additional costs depends on the version of the website they have seen. Participants find this less important if the additional costs are behind an i-symbol (4.74), compared with directly visible costs (4.98) or presented behind text (4.93). The way in which additional costs are presented has no impact on the confidence in the brand or the website. Consumers also do not differ in their reported decisions to proceed with the purchase.

Table 2. Clicks, purchase intention, confidence, clarity, and rating

			
Clicks	2%	-	7.5%
Purchase intention	4.44	4.40	4.32
Confidence (brand)	4.72	4.65	4.77
Confidence (website)	5.01	4.97	5.02
Clarity	3.88	4.23	4.01
Rating price information	4.74	4.98	4.93




3.4 Study results (telecom sector)

Visibility

Participants were asked whether additional costs were presented apart from the fixed price. Only 6.8 percent of participants were certain that additional costs were presented if the information was behind an i-symbol, compared with 25.2 percent if the costs were directly visible, and 14.8 percent if the information was behind the text 'excluding one-time fees'.

These results correspond with the clicking behavior that was measured. Only 1 percent of participants decided to click on the i-symbol. 5.2 percent did so if the information was behind the text 'excluding one-time fees'. Participants are less inclined to click on an i-symbol, and are therefore less likely to see the mandatory additional costs.

Table 3. Visibility and comprehension of price information

			
Yes, I have seen this	6.8%	25.2%	14.8%
Yes, I think I have	15.0%	21.5%	18.6%
I do not know	37.9%	24.8%	34.8%
No, I do not think I have	34.0%	24.3%	27.1%
No, I am sure I have not	6.3%	4.2%	4.8%

Clarity




The way in which mandatory additional costs are presented affects the degree to which the price is clear to participants. Participants were presented statements about the level of clarity of the prices on the website, which they had to rate them on a 7-point scale. Participants find the text 'excluding one-time fees'

less clear (it scored 4.14) than if the mandatory additional costs are presented directly next to the price (4.45). There is no significant difference in the level of clarity if the fees are behind an i-symbol (4.36).

Rating price information

The degree to which participants think it is important that businesses give information about additional costs depends on how this information is presented. Participants find this information less important if the additional costs are behind an i-symbol (4.58), compared with additional costs presented next to the price (4.96). There is no significant difference in the value consumers attach to this information when the costs are placed behind the text (4,96). Consumers also do not differ in their reported decisions to proceed with the purchase.

Table 4. Clicks, purchase intention, confidence, clarity, and rating

			
Clicks	1%	-	5.2%
Purchase intention	3.58	3.58	3.44
Confidence (brand)	4.41	4.40	4.39
Confidence (website)	4.83	4.67	4.64
Clarity	4.36	4.45	4.14
Rating price information	4.58	4.96	4.96

3.5 Conclusions and suggestions

Visibility

- Consumers say significantly less often that they saw the additional costs if these costs are behind an i-symbol than if these fees costs are presented directly next to the price.
- Consumers rarely click on an i-symbol or on a clickable text to view additional price information. Only a very small number of consumers that do click on the symbol or the text actually remember what the additional costs are.
- If the additional costs are presented next to the price or behind text, consumers are more inclined to view the information, and to indicate that they have seen the costs.

Comprehension and clarity

- In both situations, the study results reveal that consumers find the prices the clearest if such prices are directly visible.
- Consumers in the travel sector find additional price information behind an i-symbol less clear than if such information is presented directly next to the price. There is no significant difference between the version where the price is presented directly, and the version where the price is behind a text.

- In the telecom sector, the various price indicators differ only marginally, where consumers find the additional costs behind text less clear than if the price is presented directly.

Confidence

- The study results show that the confidence in a website or in the seller's brand does not depend on the way in which the mandatory additional costs are presented.
- An unknown brand was used in this study for testing consumers' confidence so that they would not have any associations about the brand.

Rating of price information

- Information about additional costs is fairly important to consumers (between 4.5 and 5 on a 7-point scale), but the importance depends on the way in which the additional costs are presented. Consumers attach greater importance to clear communication about additional costs if such information is presented directly next to the price than if such information is behind an i-symbol. This suggests that consumers attach greater value to the presentation of additional costs than if such costs are not hidden.

Behavior

- In this study, only 2.45 percent of consumers decided to click on the i-symbol or on the text, where the tendency to click is clearly higher in the case of text. This suggests that the i-symbol is not an effective indicator of additional costs.
- Directly after viewing the webpage, and before asking any questions about additional costs, consumers were asked about their intentions to book the package tour or to take out the mobile plan with the business that was presented to them. The way in which additional costs are presented does not have any effect on the purchase intention. In short, being transparent about additional costs does not harm conversion for businesses.

4 Paid ranking

If you do an internet search, the result is a list of options you can click on. The order of such lists is usually determined by the *relevance* of the results. On online platforms on which multiple sellers are active, the platform sometimes also offers sellers the opportunity to *pay* for a higher ranking on the list. Research has shown that the higher an option is on the list, the more likely it is to be clicked on. Sellers that are at the top of the list are seen the most often by consumers, and thus have a competitive advantage. It is not illegal to use paid ranking, provided that the use thereof is communicated in a transparent manner. After all, consumers can be misled if it is unclear that the order of the presented search results has been influenced by payments.

One way in which platforms inform consumers about the use of paid ranking is, for example, by adding the tag 'sponsored' to the search results that appear higher in the ranking as a result of payments. To ACM, it is important to know whether such a tag is an effective way of informing consumers about paid ranking. That is why ACM commissioned the Knowledge Centre for Psychology and Economic Behavior (KCPEG) of Leiden University to conduct a study into the effect of the tag 'sponsored' on the visibility, level of clarity, and comprehension for consumers. KCPEG also examined what the effects were of an alternative phrasing ('paid position') and of variations in designs and locations of this tag.

The study was done by building a simplified version of a popular online platform. On this platform, consumers are able to view a list of businesses and their services, and subsequently make a simulated purchase. Afterwards, the participants were presented a questionnaire about, among other things, the visibility, level of clarity, and relevance of the tag. In addition, KCPEG also examined the degree to which adjustments of the tag were able to inform consumers better than the current tag.

4.1 Study 1

In this study, the website of an online platform on which various businesses offer their services was recreated. Participants were given the task of making a purchase on this website with one of the sellers. Participants were subsequently asked to complete a questionnaire. The questions were about, among other aspects, the information on the platform, and their opinion about paid ranking.

Table 1. Characteristics of participants

Participants	%
Gender	
Male	50.0
Female	50.0
Age	
18 through 25 years	20.0
26 through 35 years	30.0
36 through 45 years	31.2
46 years or older	18.1

Type of device	
Mobile phone	46.5
Desktop	45.4
Tablet	8.1

Results

Visibility

Less than 1 in 10 participants remember the tag 'sponsored': only 9 percent do. A small minority (35 percent) of all participants that actually used the platform in the past 6 months say that they noticed the 'sponsored' tag.

Comprehension

31 percent of participants give a correct answer to the open-ended question about what 'sponsored' means. In a closed-ended question, slightly more than half (57 percent) of participants say that they find the term 'sponsored' a clear indication of the fact that a business paid to get a higher position on the list.

Relevance

The participants were able to choose multiple aspects on which they had based their choice for a provider, for example, price or quality. Of all stated aspects, the tag 'sponsored' was chosen the least often. Only 18 percent say that this aspect plays a role.

At the same time, 58 percent of participants say that they find it important that sponsorship of an option is communicated clearly. 43 percent say that the information about sponsoring is important, and 38 percent feel harmed if they find out afterwards that the business they ordered with had paid the platform to get a higher position on the list.

However, whether or not a business is sponsored appears to play only a relatively minor role in the actual choice for an option. For example, 54 percent say that knowing whether or not a service is sponsored is *not* important for their decision. 30 percent say that they would not easily choose a sponsored option, and 42 percent do not mind that the order of the list is influenced by sponsoring.

4.2 Study 2

Study 1 shows that relatively few consumers spot the tag 'sponsored', or find it clear, and that they also do not find it very important when making a decision. Therefore, study 2 examined in what ways visibility and the level of clarity of the tag can be increased.

First, a pre-test was conducted to see whether the term 'paid position' is clearer than the term 'sponsored'. 72 percent of participants said that they find this tag a clear indication of paid ranking. That is why the second part of the study also looked into the effect of this term.

In study 2, as in study 1, a website of an existing platform was recreated. In study 2, four different versions of the tag 'paid position', besides the tag 'sponsored', were tested on visibility, level of clarity, and relevance. This study also looked into consumer confidence.

Participants were randomly assigned to one of five versions of the tag on the recreated website:

1. Old situation: The tag is the same as in study 1 ('sponsored').
2. New term, new color: The term 'sponsored' is changed to 'paid position'. In addition, an eye-catching color was used for the text.
3. New term, color, and position: The tag is the same as in version 2 in terms of design and terminology. The position of the tag was moved to a more conspicuous spot.
4. New term, color, and an 'i': The tag is the same as in version 2 in terms of design, terminology, and location. An 'i' was added after 'paid position'. If participants clicked on it, they received information about the meaning of 'paid position'.
5. New term, and explanation: The tag is the same as in version 2 in terms of terminology and location, while the color is the same as in version 1. In addition, the meaning of paid ranking is explained at the top of the page.

Participants were asked to visit the recreated website, and to make a purchase with one of the presented sellers.

Results

Visibility

Participants in the paid-position eye-catching color version saw the tag most often; 30.5 percent of participants remember the tag 'paid position' if they were shown the tag in an eye-catching color. Compared with only 9 percent of participants that remember the tag 'sponsored' in the standard version. In general, participants remember the tag better in the versions in which the tag was in an eye-catching color. Participants do not remember the 'paid position' tag (in an inconspicuous color) more often than the 'sponsored' tag (also in an inconspicuous color).

Comprehension

Approximately half of all participants correctly describes what 'paid position' means. If they were shown the 'paid position' tag, between 50 and 55 percent of participants correctly answers the open-ended question about what 'paid position' means. That is considerably more often than if the term 'sponsored' is used. If the term 'sponsored' is used, only 32 percent give a correct answer.

Between 70 and 80 percent of participants indicate that the term 'paid position' is a clear indication of the fact that a business paid to get a higher position on the list. For the term 'sponsored', this is 65 percent.

Figure 1. Percentage of participants that noticed the tag

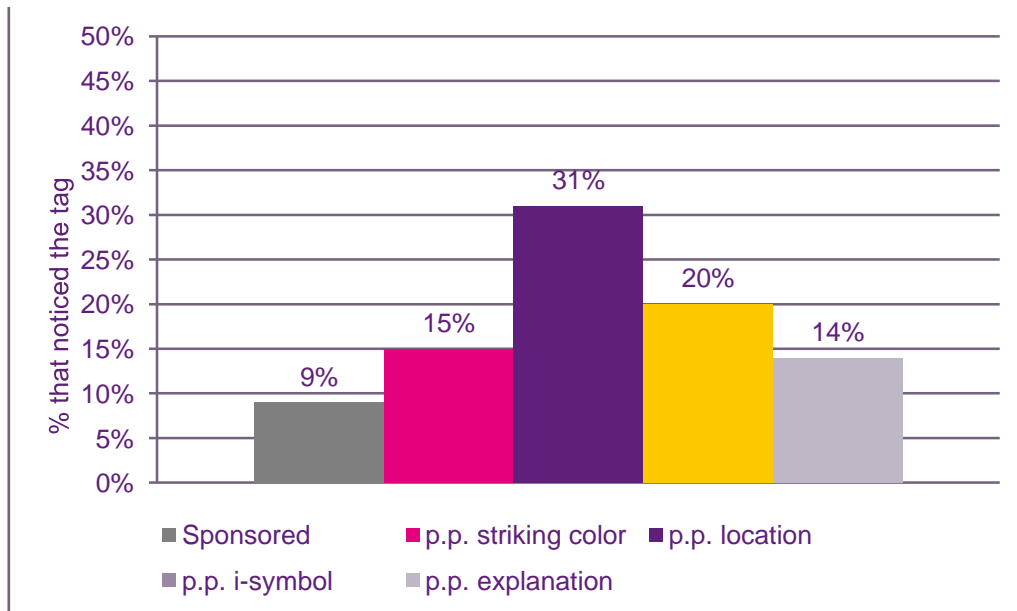
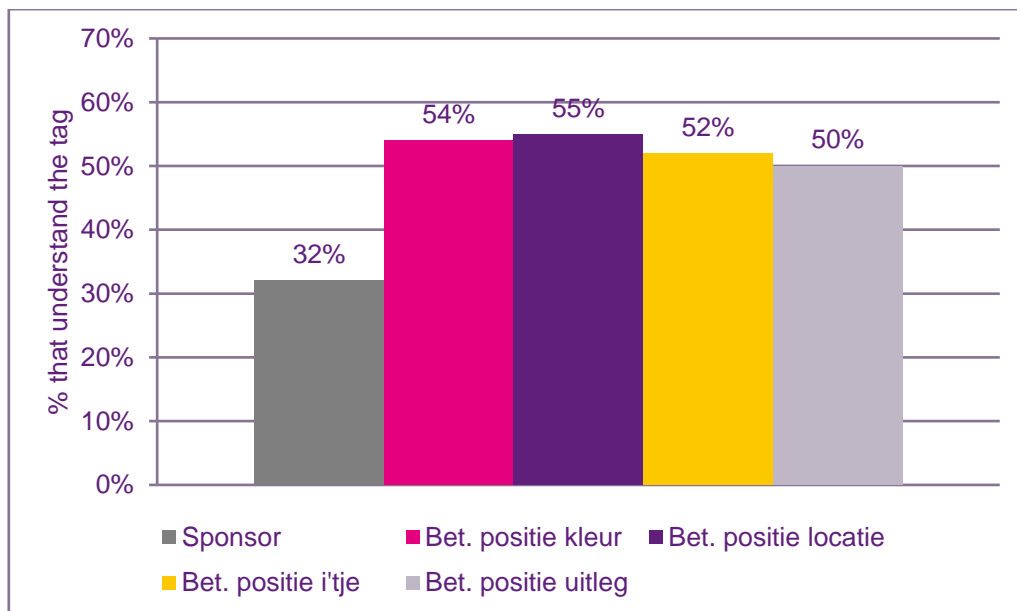


Figure 2. Percentage of participants that understand the tag



Relevance

Changing the tag 'sponsored' to 'paid position' also turns out to have an effect on the extent to which the tag is taken into account in the selection of a seller. In the group that was shown the tag 'sponsored', only 14 percent of participants said that they took the tag into account in their decision to choose a specific option or not. In the group that was shown the tag 'paid position', between 31 percent and 35 percent of

participants said that they took this aspect into account in their decision. The terminology of the tag thus affects the extent to which participants take into account paid ranking in their decisions.

Table 2. Percentage of participants that take into account paid ranking in their decisions

	Sponsored %	Paid position, color %	Paid position, color, position of tag %	Paid position, color, 'i' %	Paid position, gray, explanation %
Sponsored/ paid position	14.4	34.1	33.6	34.7	31.3

Confidence

The different versions of the tag, its location, and color did not affect the confidence that consumers had in the recreated website.

4.3 Conclusion

Both studies showed that only a small number of participants spotted the tag 'sponsored', and found it clear. In addition, information about sponsoring does not appear to be very relevant to the decision-making process of consumers when choosing a seller. However, participants do find it important to be informed properly about paid ranking.

In Study 2, the visibility, comprehension, and relevance of a new tag, called 'paid position', was studied, as an alternative for the tag 'sponsored'. Four versions of this tag were tested, besides the tag 'sponsored'. This 'paid position' tag was considered to be clearer *and* more relevant than the tag 'sponsored', regardless of design. By giving the 'paid position' tag an eye-catching color, the tag is seen more often than the 'sponsored' tag, more so if this tag is also moved to a more noticeable location. On the basis of these studies, the confidence that consumers have in the platform does not appear to be affected (either negatively or positively) by the changes in the way in which paid ranking is communicated.

5 Information about cooling-off periods, returns, and general terms and conditions (Predictiv)

5.1 Introduction

If consumers make online purchases, companies are obliged to provide them with clear information about the purchase conditions, such as the time that they have to return a product, and whether any costs are associated with returns. Businesses can do so, for example, by placing this information in a dedicated spot at the top of their website, or on the page that has more information about the product. Some businesses also add information about purchase conditions on the checkout page. Often this information is included in the terms and conditions. Consumers need to click a box stating that they have read and agreed to the terms and conditions before they complete their purchase. Consumers can look up the general terms and conditions of a company on its website, usually on a separate page. However, this is often a long document, because businesses often use a lot of terms and conditions. If consumers are not aware of these conditions, it can have negative consequences for both consumers and businesses. For example, consumers can be faced with unexpected costs, and businesses have to spend more time and resources in resolving complaints or answering questions. In collaboration with Predictiv, ACM conducted a study into informing consumers about the general terms and conditions on the payment page of an online store. The study's objective was to find out whether consumers' comprehension of and engagement with the general terms and conditions could be improved.

5.2 Methodology

Participants

The 2,208 participants of this experiment were randomly assigned to different versions of the payment page that were studied.

Table 1. Characteristics of the participants (N=2208)

Characteristics	N	% of total
Sex		
Female	1,192	54.0%
Male	1,016	46.0%
Age category		
18-24	314	14.2%
25-54	1,064	48.2%
55+	830	37.6%
Frequency of online shopping		

Never	72	3%
Once per month or less	986	45%
2-3 times per month	798	36%
Once per week	235	11%
Multiple times per week	105	5%
Every day	12	1%

Different versions in the experiment

In this experiment, researchers looked at different presentations of the general terms and conditions. The participants were given the task to imagine they were going to make a purchase with a fictitious online store. They purchased either a laptop or a sweater. With two products that vastly differ in value, researchers could check whether there are any differences in the type of purchase. In addition, participants were told they would get eight questions about the website with a financial reward³ for each correct answer. Participants were then directed to the payment page of an online store, the page where they could pay for the items in their baskets. They could look at this page for as long they wanted. Participants were randomly assigned to one of four different payment pages. The changes to the information on the payment page are based on literature about behavioral psychology, and previous studies in the United Kingdom⁴. Each participant was shown one of the following four versions of the payment page for their fictitious orders:

1. This participant had to click on 'I have read the general terms and conditions' when making their fictitious purchase, in order to finalize their purchase. The participant could click on a link to read the general terms and conditions. This is the version that the other situations were compared with, because this version is often used on payment pages of online stores.
2. The participant was shown a summary of the most important terms and conditions using visual symbols on the payment page.
3. The participant was shown an urgency notification on the payment page. The notification indicated that this was the last chance to read the general terms and conditions before making the purchase.
4. The participant was shown a combination of version 2, and 3, with both symbols and an urgency notification.

³ This was an additional reward on top of the reward for participating in the study.

⁴ From the Behavioural Insights Team UK and BEIS: <https://www.bi.team/blogs/terms-conditions-apply/>

Figure 1. Examples of the four presentations of the general terms and conditions

1. Check: click on 'I agree with the general terms and conditions'

✓ BESTELLING 2 BETALING 3 BEVESTIGING

Kies een betaalmethode

IDEAL
Kies je bank


Creditcard
Nieuwe kaart toevoegen

Achteraf betalen

Ik ga akkoord met de [algemene voorwaarden](#) van Flarias

Winkelwagentje

Uw bestelling

 Laptop
17.3 inch
(44 cm)

Aantal	x 1
Prijs	€699,00

Verzendkosten **gratis**

Totaalprijs €699,00

Bezorgadres

Hetzelfde als factuuradres

Reigersbek 11
3425 AD
Amsterdam

2. Summary with symbols

✓ BESTELLING 2 BETALING 3 BEVESTIGING

Kies een betaalmethode

IDEAL
Kies je bank

Creditcard
Nieuwe kaart toevoegen

Achteraf betalen

14 Dagen Je hebt 14 dagen bedenktijd

30 Dagen Zodra je ons hebt laten weten dat je gebruik wilt maken van je bedenktijd heb je nog 30 dagen om het product terug te sturen


Jij betaalt de kosten voor het retourneren

Wij betalen je terug via hetzelfde betaalmiddel als waarmee je hebt betaald

Ik ga akkoord met de [algemene voorwaarden](#) van Flarias

Winkelwagentje

Uw bestelling



Laptop
17.3 inch
(44 cm)

Aantal	x 1
Prijs	€699,00

Verzendkosten **gratis**

Totaalprijs €699,00

Bezorgadres

Hetzelfde als factuuradres

Reigersbek 11
3425 AD
Amsterdam

3. Urgency notification

✓ BESTELLING 2 BETALING 3 BEVESTIGING

Kies een betaalmethode

IDEAL
Kies je bank

Creditcard
Nieuwe kaart toevoegen


Achteraf betalen

Dit is je laatste kans om de [algemene voorwaarden](#) van Flarias te lezen voordat je gaat betalen. In de algemene voorwaarden leggen we uit welke regels er gelden bij je bestelling.

Ik ga akkoord met de [algemene voorwaarden](#) van Flarias

Winkelwagentje

Uw bestelling



Trui, Wol
Maat M

Aantal	x 1
Prijs	€29,95

Verzendkosten **gratis**

Totaalprijs €29,95

Bezorgadres

Hetzelfde als factuuradres

Reigersbek 11
3425 AD
Amsterdam

4. Summary with symbols, and urgency notification

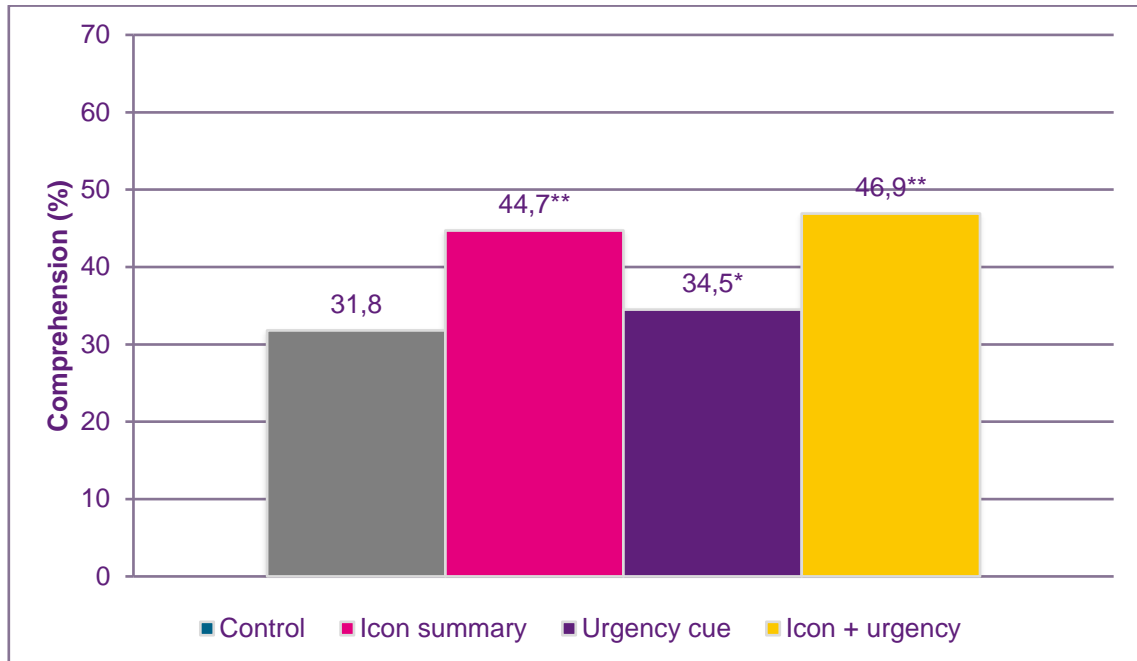
The screenshot shows a payment page with a progress bar at the top: 1. BESTELLING (checked), 2. BETALING (active), 3. BEVESTIGING. The main heading is 'Kies een betaalmethode'. Three payment methods are listed: IDEAL (Kies je bank), Creditcard (Nieuwe kaart toevoegen), and Achteraf betalen. A red circle highlights a notification: 'Dit is je laatste kans om de algemene voorwaarden van Flarias te lezen voordat je gaat betalen. In de algemene voorwaarden leggen we uit welke regels er gelden bij je bestelling.' Below this are four items with icons: '14 Dagen' (clock icon) 'Je hebt 14 dagen bedenktijd', '30 Dagen' (refresh icon) 'Zodra je ons hebt laten weten dat je gebruik wilt maken van je bedenktijd heb je nog 30 dagen om het product terug te sturen', '€' 'Jij betaalt de kosten voor het retourneren', and 'i' 'Wij betalen je terug via hetzelfde betaalmiddel als waarmee je hebt betaald'. At the bottom is a checkbox: 'Ik ga akkoord met de algemene voorwaarden van Flarias'. On the right, the 'Winkelwagentje' section shows 'Uw bestelling' with a sweater image, 'Trui, Wol Maat M', 'Aantal x 1', 'Prijs €29,95', 'Verzendkosten gratis', and 'Totaalprijs €29,95'. Below that is 'Bezorgadres' with a checked box 'Hetzelfde als factuuradres' and address 'Reigersbek 11, 3425 AD, Amsterdam'.

5.3 Results

Comprehension

After looking at the payment page, participants were given eight questions to test their comprehension of the general terms and conditions. The participants in the control group gave the correct answer to, on average, 31.8 percent of the questions. All other versions resulted in increased comprehension compared with the 'standard' situation, with correct answers to 44.7 percent of the questions in the symbols group, 34.5 percent in the urgency group, and 46.9 percent in the combination group.

Figure 2. Percentage of correct answers

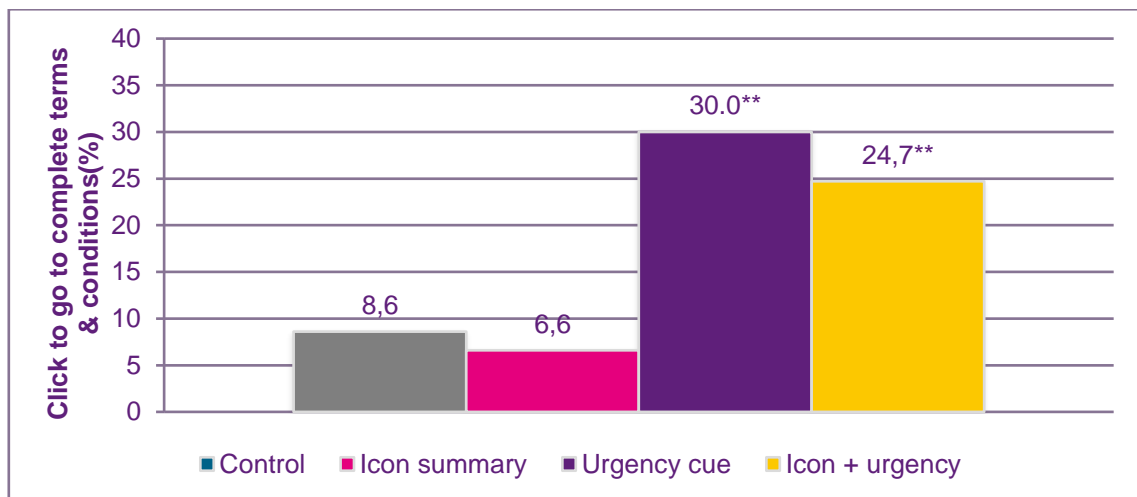


***p<0.01, **p<0.01, *p<0.05, +p<0.1

Engagement

The urgency notification resulted in participants looking at the general terms and condition much more often. Only 8.6 percent of the participants in the control group clicked to view the general terms and conditions. In the group that was only shown symbols, that percentage was 6.6 percent. In the group that was shown an urgency notification, 30.0 percent of the participants clicked, and in the combination group (urgency notification as well as symbols), it was 24.7 percent.

Figure 3. Percentage of clicks to view the complete general terms and conditions



***p<0.01, **p<0.01, *p<0.05, +p<0.1

Confidence and product type

This study also looked into the effect that the different situations had on the confidence and interest in the fictitious online store. No differences were found between the different situations. In addition, there were no differences found in the effect of the type of product (laptop or sweater) on comprehension, engagement, or confidence.

5.4 Conclusion

Adding a summary of the terms and conditions combined with symbols results in increased comprehension of these terms and conditions. Businesses can increase the comprehension of their most important terms and conditions by informing consumers about these during the ordering process. Notifying consumers of the last chance to view the general terms and conditions, before continuing with their purchases, ensures that more consumers click to read the general terms and conditions. In this study, however, it hardly had an effect on consumers' comprehension. This was probably because the general terms and conditions that were used for this study contained long and complex sentences, which is often also the case in real life. Only if the general terms and conditions are easy-to-understand for consumers, should a business work on raising consumer engagement.

6 Final conclusion

Consumers need clear and easy-to-understand information in order to be able to make well-informed decisions about purchases. Whether consumers find information clear and easy-to-understand depends on many factors, such as choice of words, location, use of colors, timing, and design choices. In collaboration with universities and research companies, ACM studied how businesses are able to improve their information to consumers. In these studies, ACM looked into how the effectiveness of transparency regarding prices, paid ranking, and information about the cooling-off period, returns, and general terms and conditions can be increased.

6.1 Transparency regarding prices

- Consumers are hardly inclined to click on an i-symbol, and also find this information less clear than if the additional costs are presented directly next to the price, or as a clickable text.
- Presenting the additional costs directly does not have any negative effects on consumers' purchase intentions or on consumer confidence.

6.2 Paid ranking

- The tag 'sponsored', which many platforms currently use to indicate paid ranking, is only understood by a small number of consumers.
- The tag 'paid position' is clearer to consumers than the tag 'sponsored'.
- The visibility of information about paid ranking can be improved by using a striking color or location.
- If consumers receive clear and visible information about paid ranking, they find this information more important for their purchase decisions.

6.3 Information about the cooling-off period, returns, and general terms and conditions

- By informing consumers about the cooling-off period and about the rules with regard to returns, businesses are able to increase consumers' comprehension of these rules.
- The use of symbols and urgency notifications helps increase comprehension of and engagement with this information.

6.4 Final conclusion

These three studies show that minor adjustments to the design or phrasing can have significant effects on consumer comprehension and on the level of clarity of that information to consumers. Furthermore, two of these studies also reveal that improving transparency does not have any negative effects on the seller. Providing consumers with clear information, whether it is about paid ranking or returns and the cooling-off period, does not seem to have any effect on the purchase intentions or consumer confidence in businesses.

Considering the benefits that the application of behavioral insights has on comprehension and on the level of clarity of information for consumers in an experimental environment, ACM would also like to gain more insight into their application in real-life settings. In that way, the extent to which certain adjustments are context-dependent can be studied. The objective thereof is to gain a better overview of what does and does not work when informing consumers. This knowledge provides the basis for the way in which businesses can inform consumers properly, and what they, in any case, are not allowed to do. In order to conduct studies in real-life settings, ACM is seeking collaborations with businesses that offer products and services online to consumers. Together with such businesses, ACM wishes to conduct online studies. Businesses that are interested can contact ACM at effectievetransparantie@acm.nl.