The development of confidence on the Internet, in the hands of third parties

Expansión
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Faced with the lack of confidence that the Internet generates amongst users when buying online, a multitude of companies have emerged that certify and authenticate the identity of the interested parties.

At the moment, there are very few Internet users who shop on the net with complete confidence. This is partly due to the continuing shortcomings of online electronic shops. Lack of information and a clear protection of data policy, as well as financial, operational and security risks are some of the reasons cited by users to explain their lack of confidence in shopping on the net, according to a report by the consumer's organisation Consumers International.

However, confidence is one of the pillars of a business relationship and a key factor in the success of any electronic commerce strategy. In the creation of confidence both the disposition of the user and the context are important, that is to say, the level of certainty that the buyer perceives in a specific situation. Companies are only able to influence the context, but this allows them to reduce the degree of uncertainty so that the consumer perceives greater benefits than risks. Although companies that have been in existence for a long time can create a context of confidence thanks to their history, reputation, standards of behaviour and culture, newly created companies, like those that operate on the Internet, have to look for innovative formulas to gain the confidence and loyalty of their consumers. Faced with the lack of a realistic legal alternative, diverse types of services have emerged entrusted with certifying the credibility of a web page and as such promoting confidence between consumer and seller.

These institutions, like TRUSTe, BBBOnLine, Entrust Technologies, CPA Web Trust, Open Ratings, GeoTrust, Entrust Technologies, Webtrust, Betterweb and Verisign, are a new category of intermediaries on the net. It is a question of mechanisms of self regulation that are based on a structure of certifying authorities that authenticate the identity of the participants. Their business model consists in advising buyers and sellers on the level of quality, confidence and competence of a company. TRUSTe, for example, certifies the security of transactions and vouches for the willingness of a company to protect the personal information of their customers. BBBOnLine, a non profit organisation financed by its members, supplies consumers with reports on companies to help them with their shopping decisions. CPA Web Trust has the double objective of increasing the confidence of the consumer in security and confidentiality and of promoting electronic commerce. For its part, Verisign has become the world leader in confidence services for the Internet, and offers authentication, validation and payment on an international level. For large transactions there is the possibility of using...
the services of a company that guarantees payment when the buyer receives and accepts
the product.

In Spain there also exist some entities that provide this type of service, like Fábrica Nacional de la Moneda y Timbre (FNMT) (the National Mint and Stamp), la Asociación Española de Comercio Electrónico (Aece) (the Spanish Association of Electronic Commerce), la Agencia de Certificación Española (ACE) (the Agency of Spanish Certification) and la Fundación para el Estudio de la Seguridad de las Telecomunicaciones (FESTE) (the Foundation for the Study of Security in Telecommunications). The FNMT, which issues various types of certificates, has set up a project called CERES (Spanish Certification), that establishes a public Spanish certification authority that authenticates and guarantees the confidentiality of online communications between citizens, companies or other institutions and public administrations.

Reputation
Confidence services must carve out a reputation for themselves. In fact, a study by the Institute for Knowledge Management shows that for the majority of Internet users the existence of a seal of guarantee would only increase their confidence in a web page if it was offered by a company they knew and in which they had confidence. In earning the respect of users, it is obvious that these quick and efficient regulatory mechanisms, that allow the anticipation of possible litigation, can create the climate of confidence that sales on the Internet need for their definitive take off.
The outlook is good: the Business Software Alliance estimates that, in ten years, the security factor, which is one of the aspects that makes confidence possible, will stop being a worry when talking about electronic commerce and users will only take factors like convenience and cost into account when deciding between online transactions and more traditional ones.

The Question

"How does one choose the best confidence service?"

Joan Enric Ricart, IESE Teacher

The benefits of having a real brand name
Gaining the confidence of users is a difficult task especially in a new and virtual medium like the Internet. When a company has a brand name which is recognised in the real world that can be transferred to the virtual world it is enough to include some security mechanism connected to the privacy of payments and information. However, for companies that have not developed their brand name in the high street environment, the choice of a confidence service is an important decision. The key criterion is its own reputation, that could have been acquired in its high street activities or online. Other questions, like the service format or the price, are secondary. For this reason, it is obvious that this is a service that has a good possibility of benefiting from the externalities of the net and that could become the next natural monopoly. A field that important companies like Microsoft are not about to let escape.
**Diego Sacristán, Security Manager, PwC**

**The increase in stamps of quality**

Traditionally, lack of confidence on the part of users has been considered as one of the principal barriers to electronic commerce, so companies have been obliged to rely on mechanisms that generate confidence. The selection of this aid must be based on the profile of the company and the geographic dispersal of its potential customers. There exist companies that, because of their physical presence or the character of their activities, enjoy a greater level of confidence. In these cases, their online operations must maintain a strategy of risk consistent with their traditional operations. The companies that have to reinforce their level of confidence or extend the geographical dispersion of their customers, can turn to a third party for opinions about their operations, in a similar way to the stamp of quality that a certifying entity provides. This alternative, that is becoming more and more common in Spain, will become more relevant as companies on the net consolidate.