



FeedbackHall
...the reality

NIGERIA DIGITAL CONSUMER SURVEY

*Actionable Insights on Consumer Experiences,
Preferences and Trust*

2019



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NIGERIA DIGITAL CONSUMER SURVEY 2019

The FeedbackHall's Nigeria Digital Consumer Survey (NDCS) was launched in March 2019 as part of FeedbackHall's activities to mark the 2019 World Consumer Rights Day, which had the theme, “Trusted Smart Products.” This theme is important in the context of Nigeria, Africa's largest economy, with over 90 million people connected to the internet. Customer experiences, preferences, and trust are important topics. In fact, customers’ trust, which is largely determined by their experience, is not just one of the factors that companies dealing in digital products require to succeed, it is the air that they breath. At FeedbackHall, we knew that a lot of people had opinions about customer experiences, preferences and trust in the digital markets but, empirical evidence was inadequate and, in some contexts, lacking. The FeedbackHall's NDCS was instituted to provide research-based insights on these important topics.

This study covers four key topics: 1) End-user license agreements; 2) Digital crime; 3) Online shopping; and 4) Consumer rights and protection. This report discloses significant trust deficits along with the need for consumers to have solid rights that are intelligible to them. The findings underscore the need for better regulation, consumer protection and education. This report presents insights that stakeholders—consumers, businesses, and regulators—need to make informed decisions. It opens new conversations about creating legal certainties which is necessary for improving consumer experience and engendering trust in digital markets.

We hope that the survey will enable better understanding of the Nigeria digital consumer in terms of experience, preference and trust. This is the maiden edition of the NDCS. Stay tuned for the next report in 2020, there is so much more to discover! FeedbackHall welcomes feedback for 2020 survey.

SUMMARY OF KEY FINDINGS

The summary of findings from this survey is presented in four sections - End-user license agreement, Digital crime, Online shopping and Consumer rights and protection.



End-user License Agreement

This survey finds that only 8% of consumers say they read end-user license agreements. Younger adults (under 25 years) are more likely not to read these agreements than people from their parents' and grandparents' generations. The survey reveals that length of license agreements is the most prevalent reason consumers do not read the agreements. In every age group, over 50% say they would devote time to read the agreements thoroughly if the agreements are 1-2 pages.



Digital Crime

Thirty-two percent of consumers who participated in the survey say they have ever been victims of digital crime. The majority of the victims are residents of the southern part of Nigeria. Fifty-eight percent are between 25 and 45 years old. The most prevalent kind of crime is related to online shopping. The study finds that most of the victims are conservative about their scam experience as about 75% of the victims either kept their experiences to themselves or shared with only family and friends. In addition, the majority of consumers (69%) say they do not believe that their personal information is safe online. However, most consumers who were surveyed (65%) say they would trust online platforms provided by commercial banks with their personal information more than those offered by providers of other kinds of services.



Online Shopping

Thirty-eight percent of the consumers who were surveyed say they buy goods and services online. With respect to consumer concerns about online shopping, the majority of consumers (67%) say they do not trust the shopping platforms enough to input their credit/debit card details for payment. A similarly large proportion (64%) worry they will not know who to talk to if there is a problem with an online purchase. Older consumers are significantly more concerned about these two issues than younger consumers. The survey reveals that the consumers are more likely to trust online retailers domiciled in distant countries than those in Nigeria.



Consumer Rights and Protection

Eighty percent of digital consumers say their rights against defective digital products are not clear to them. The study finds that unclear rights against defective digital products damage consumer confidence in entering into transactions involving the supply of digital products with average reported level of damage being 3.9 (on a scale of 1 to 5).



END-USER LICENSE AGREEMENTS

Sale of digital products such as mobile apps, e-books and video games is more complicated than the sale of other products. For example, some digital products such as a download of a video or music cannot be returned after they have been purchased. Sometimes, download of digital products cause damage to a customer's device or data. In addition, the sale of many digital products involves collection of buyers' personal information which can be monetised in secondary use. These and other issues create unique legal considerations that are often included in a contract called an end-user agreement, license agreement and software license agreement, among others. In this report, all agreements of this nature are referred to as license agreements.

These agreements are very important because they establish some automatic rights of the buyer, as well as limitations of licensor's liability. They provide important information such as information about how a product can be used and information about how user-generated contents are stored, displayed, accessed and shared. The question is whether Nigeria digital consumers read these agreements.

END-USER LICENSE AGREEMENTS: DO CONSUMERS READ THEM?

This survey reveals that majority of consumers do not read license agreements. Under one in 10 customers (8%) say they read the agreements before signing up for digital products. Just more than one in four (26%) say they sometimes read the agreements while the majority (66%) say they do not read the agreements.

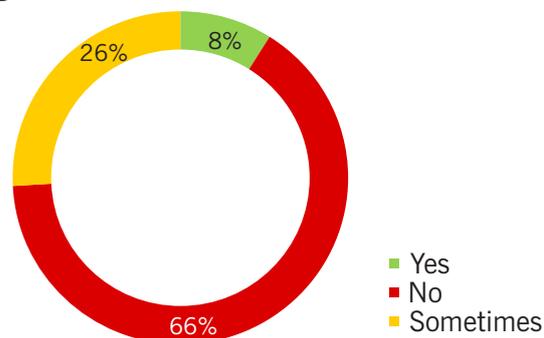


Figure 1.1: Do you read End-user License Agreements before signing up for digital products?

Source: 2019 Digital Consumer Survey, FeedbackHall

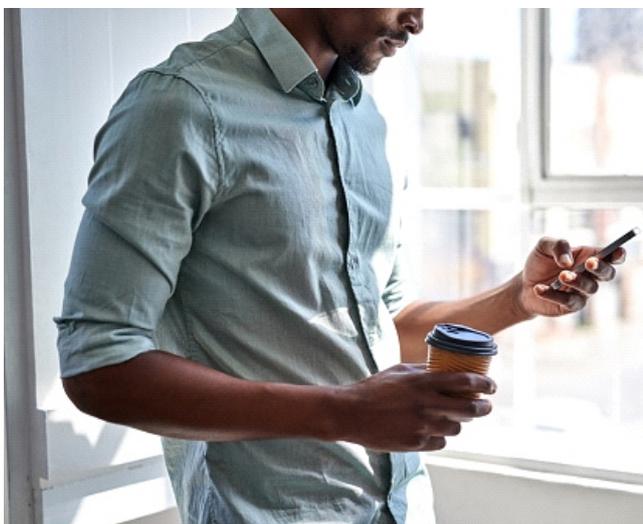
The issue of customers not reading license agreements is global and brings to mind an April Fool's Day joke by GameStation, a British game retailer.

In 2010, GameStation added a strange clause to the contract signed by customers before making any online purchases:

"By placing an order via this Web site on the first day of the fourth month of the year 2010 Anno Domini, you agree to grant Us a non-transferable option to claim, for now and forever more, your immortal souls. Should We wish to exercise this option, you agree to surrender your immortal soul, and any claim you may have on it, within 5 (five) working days of receiving written notification from gamesation.co.uk or one of its duly authorised minions"

GameStation reported that 7,500 users agreed to irrevocably give their souls to GameStation while only few users checked a box that was provided to exempt people from the immortal soul clause. This led GameStation to conclude that 88% of their users did not read the Agreement. GameStation was not interested in their customers' souls; rather, they wanted to prove that customers do not read the online terms and conditions, which gave theirs and other companies the opportunity to insert whatever clause they wanted into the agreements.

Source:
 Smth, (2010). 7,500 Online Shoppers Accidentally Sold Their Souls To Gamestation https://www.huffpost.com/entry/gamesation-grabs-souls-o_n_541549
 TechChunks (2010) GameStation Claims Online Customer's Souls As Payment <http://techchunks.com/tips-and-tricks/gamesation-claims-online-customer%E2%80%99s-souls-as-payment/>



On disaggregating the data on the proportion of consumers who read license agreements, we discover that respondents answered the question: "Do you read end-user license agreements before signing up for digital products?" according to their age. The survey finds that more members of the older groups read the agreements compared to members of the youngest group.

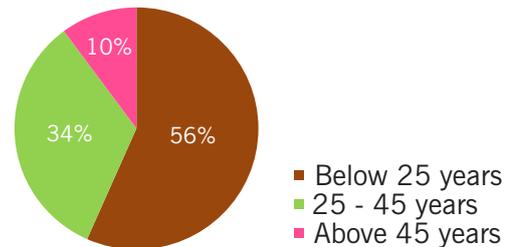


Figure 1.2: Proportion of age groups that do not read end-user license agreements.
 Source: 2019 Digital Consumer Survey, FeedbackHall

More than half of the consumers (56%) who say they do not read license agreements are people under 25 years old. Thirty-four percent are between 25 and 45 years old while 10% are over 45 years old.

Further analysis reveal that the group of people that are above 45 years old has the highest proportion of consumers who say they sometimes read license agreements (54%) while the 25 – 45 years old group has the highest proportion of members who say they read agreements (13%). The under 25 years age group has the least proportion of members who say they read the agreements (3%). This age group also has the least proportion of those who say they sometimes read license agreements (13%).

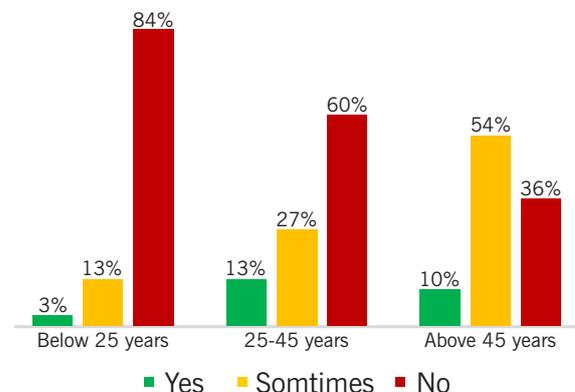


Figure 1.3: How consumers of various age groups are reading the end-user license agreements
 Source: 2019 Digital Consumer Survey, FeedbackHall

The finding that people in the youngest age group (under 25 years) are less likely to read license agreements is not surprising given that people in this group seem to prize visuals over text. Born into a world of social media where they have to create, read, react to, and anticipate reactions to a lot of fleeting forms of media, including social texts, images, videos, chats, feeds, snaps, tweets, and many more, they naturally have limited time and cognitive patience to read and comprehend denser, longer and more demanding traditional contents such as the license agreements.



REASONS FOR NOT READING LICENSE AGREEMENTS

To determine the reasons consumers do not read license agreements, participants who indicate that they do not read license agreements were asked why they do not read the agreements. In all, 203 participants answered this question. Thematic analysis reveal 11 themes which are the reasons the participants do not read license agreements. The themes are: License agreements are too lengthy (69.50%); No time to read the agreements (47.30%); The agreements are hard to understand (21.20%); Reading the

agreements is boring (20.70%); Cannot read when getting an application for an urgent task (11.30%); Not aware that there are agreements to be read (8.90%); The agreements are unnecessary/irrelevant (5.10%); Many agreements are similar so no need to keep reading them (1.00%); Font sizes are too small on mobile phones (3.40%); unable to read long text from screens (3.90%); and Agreements are already skewed against the consumer (1.50%). Analysis of data reveals that the first 3 themes are dominant, cutting across all age groups (Figure 1.4).

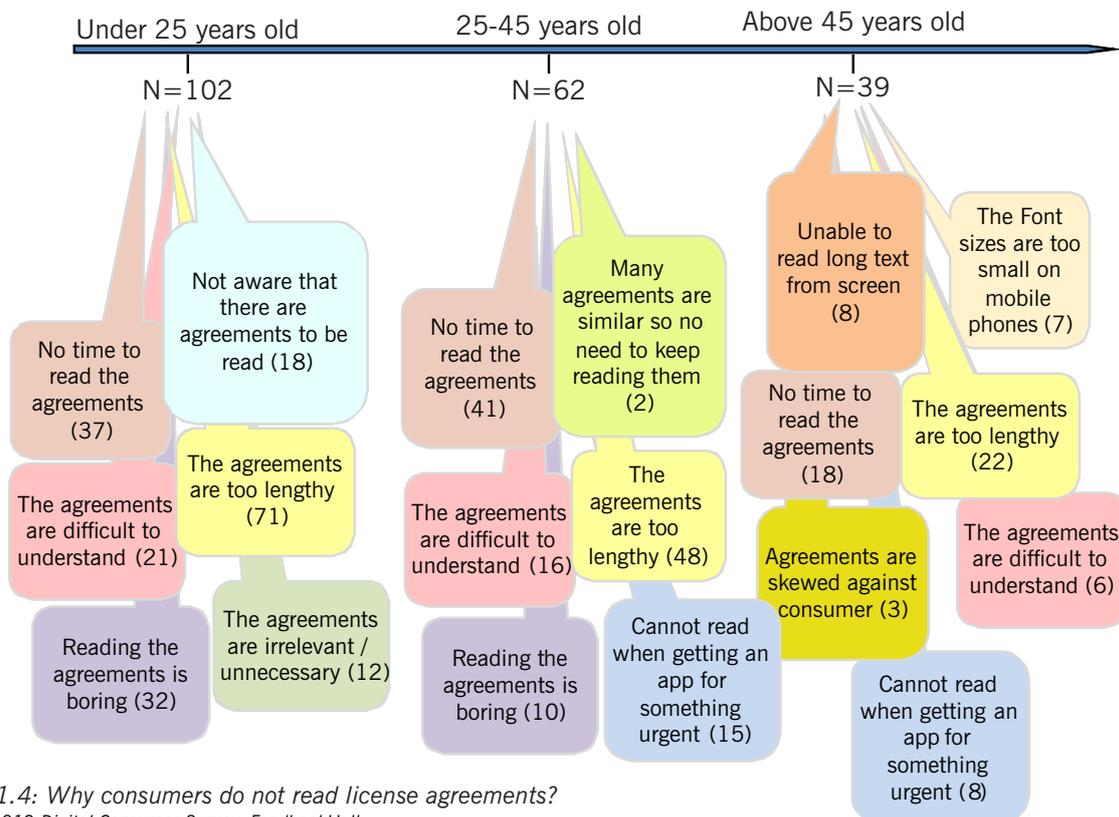


Figure 1.4: Why consumers do not read license agreements?

Source: 2019 Digital Consumer Survey, FeedbackHall

The Lengths of License Agreements is a Huge Turn-off

Most participants at the interview have more than one reason for not reading the agreements. However, the most prevalent reason across all age groups is the length of the agreement. Over half of the members of each age group mention that they do not read license agreements because the agreements are too lengthy. Some other reasons participants cite for not reading the agreements relate to the length. They include: not having time to read, inability to read when an app is being downloaded for urgent tasks, boredom and discomfort reading long texts on screens.

“I Agree” that the App Should Open; Not to Any Terms

In the interview, some digital consumers under 25 years of age say they are not aware that there are real agreements that need to be read. When further asked: “If you are not aware that real agreements exist, what then do you agree to when you click 'I Agree'? or 'I accept'”, the respondents say they agree to open the app. Some of the responses given by participants are as follows:

I click 'I agree' because I agree that the app should open.

I choose 'I agree' so that they can allow me use the app. If I click any other thing, the app will not open.

Reading the Agreements is Unnecessary

Some digital consumers under 25 years of age who participated in the interview say it was unnecessary to read the agreement. Some of the comments made by the participants include:

Most times before I download an app, someone using the app must have told me

about it. If I have a problem using it, I can always go back to the person. It's not necessary to read the terms.

...since other people have been using the apps and nothing happened to them, I think I don't have to read it.

I find them irrelevant.



It's Serious, Yes But Make it Fun

Some members of the youngest and middle age groups (under 25 years of age and 25 – 45 years old) cite boredom as a reason they do not read the agreements. Responses from participants, which represents the opinion of many people who say they find the agreements boring are:

The documents are really boring; can't they just add some pictures and emoji?

I know they are legal documents but they can make them fun. I get tired when I read the agreements.

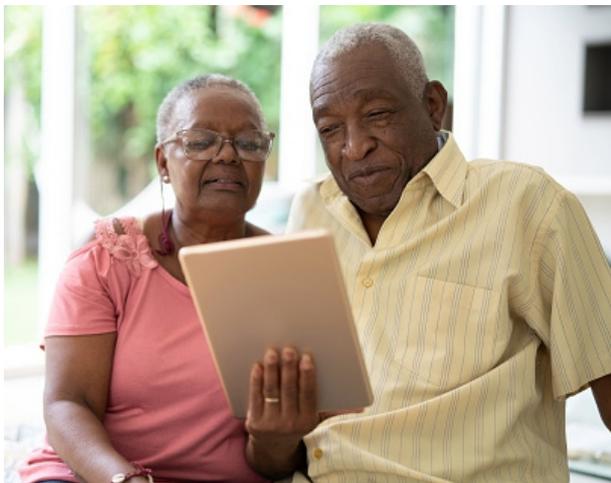
These consumers simply want agreements that blend the paradoxical combination of seriousness and fun.

The Agreements are Difficult to Understand

The issue of inability to comprehend the agreements was crosscutting; consumers from different age groups, during the interview, say they do not understand the agreement when they try to read.

Some things in the agreement are difficult to understand,

The agreements are complex...they are hard to follow.



Reading From Screen Not Easy for Senior Digital Consumers

For the oldest age group (above 45 years of age), difficulty with reading from screens is a reason some do not read the agreements. Some members of this age group also say fonts are too tiny on their phones, or they were unable to read long text from their phones.

Length of License Agreements Has Been a Challenge

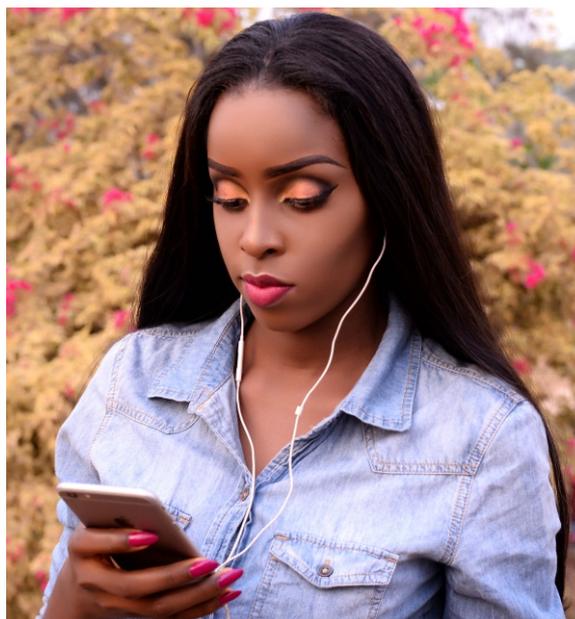
Customers' complaint about length of license agreements is not a recent development. In May 2011 the iTunes agreement was 56 - page long.¹ Similarly, in March 2012, the PayPal end-user license agreement was 36,275 words long while Apple IOS 5 was 13,666 words.² The authors reported that majority of the people did not read the documents because they were too lengthy.

Today, many agreements are still lengthy. For example, Facebook's Terms of Service, Data Policy and Cookie Policy, which intending users were expected to read before signing up as at May 20, 2019, were about 20 pages (A4, 12 points, Times New Roman, single spacing) and about 9,000 words. This length excludes other

documents such as Community Standards, which users are also expected to read after signing up. Similarly, Twitter had about 26 pages for Terms of Service, Privacy Policy and Twitter Rules which users were expected to read before signing up as at May 28, 2019.

KEEP THE AGREEMENTS CONCISE!

Respondents who say they do not read license agreements because the agreements are too lengthy were asked to state the number of pages they recommend for the license agreements that would enable them to devote their time to reading them thoroughly. Analysis of responses show that over half of members of each age group say they could devote time to read agreements that are between 1–2 pages thoroughly. In fact, for the youngest age group in the study (under 25 years of age), only 4% indicate they could devote their time to reading agreements that are between 5 – 6 pages thoroughly. No member of any age group say they can devote time to thoroughly read agreements that are seven pages or longer.



¹ Pidaparthy, Umika (2011). "What you should know about iTunes' 56-page legal terms". CNN. <http://edition.cnn.com/2011/TECH/web/05/06/itunes.terms/>
² Heathen (2012). "No One Reads the "Terms and Conditions" and Here's Why". 102.5 KISSFM. <https://1025kiss.com/no-one-reads-the-terms-and-conditions-and-heres-why/>

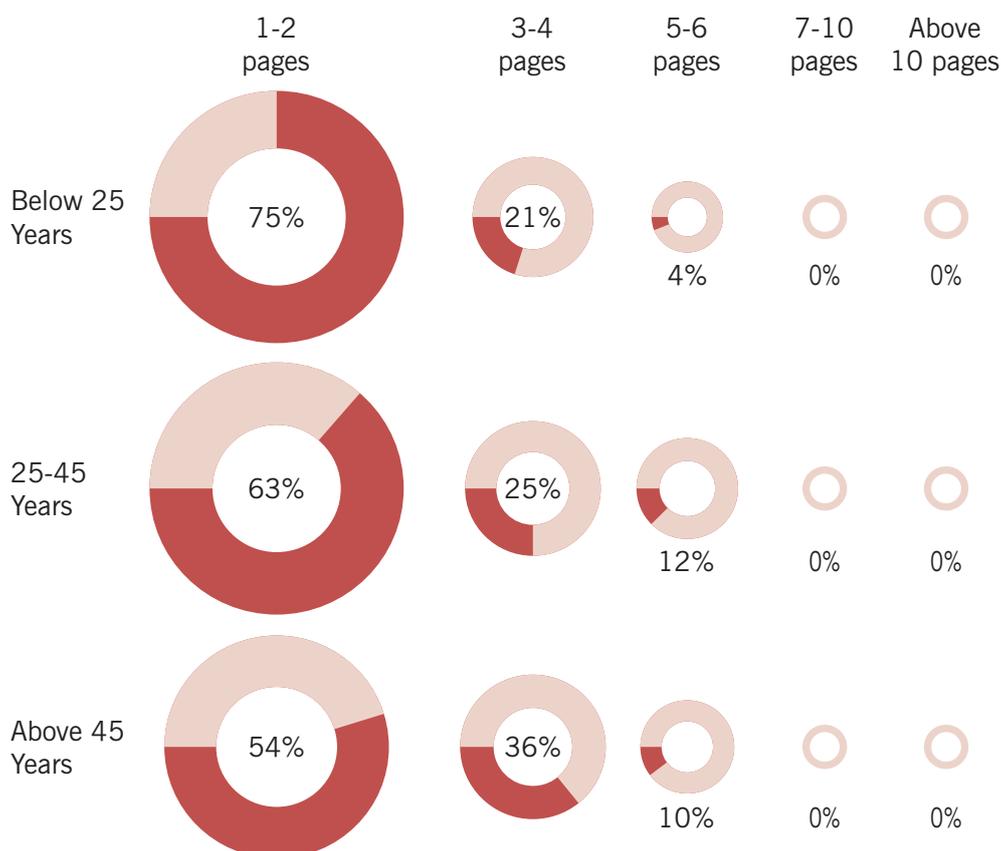
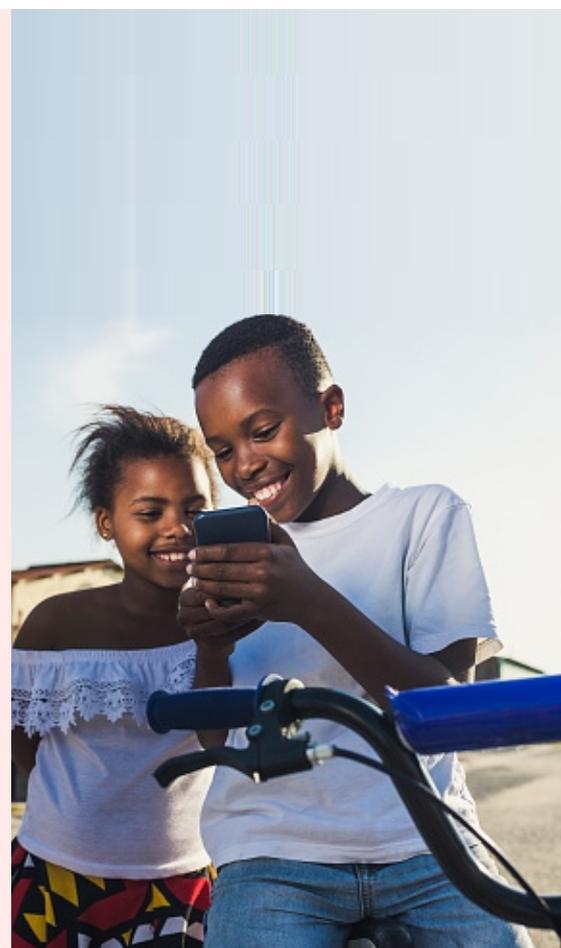


Figure 1.5: What number of pages do you recommend for the license agreements that would enable you to devote your time to reading them thoroughly?

Source: 2019 Digital Consumer Survey, FeedbackHall

MOVING FORWARD: QUESTIONS FOR REFLECTIONS

1. Is it possible to summarise the most important parts of the agreements in one or two pages which customers should read before signing up while agreeing to read the rest of the documents within a specified time.
2. Can complex legal terms and phrases in strange languages be removed or replaced by simple, more conversational English language? For example, can phrases like 'Anno domino' and 'non-sublicensable' be replaced by simple English words? If such words are replaced with simpler terms, will the emerging document still pass for a legal agreement?
3. Will addition of photos and other kinds of images in license agreements reduce the legal effect of the agreements? Can companies, especially those providing services for play, fun and visuals (games, video, photo editing, etc.) experiment including images in their end-user license agreements?
4. Since findings signal that tendency to read license agreements is decreasing by generation, is there a potentially disturbing future trend? Are there changes that need to be made in anticipation of the time when the youngest age group will become majority in work and other places and occupy decision making positions?





DIGITAL CRIME

As development and use of digital technologies continues to expand, crimes done with digital technologies are also on the increase in both magnitude and frequency. Digital crime, also known as internet crime, digital fraud, cybercrime, internet scam, internet fraud, electronic crime and computer crime, is illegal and illicit action done on computer data, digital systems or networks with an intention to deceive the victim(s) and obtain something of value. The fraudsters target digital systems as well as vulnerable members of society such as illiterates, aged, disabled, greedy and desperate people. Digital crime which has become prevalent is one of the biggest challenges of the tech world today and has been extensively discussed in literature from the perspective of organisations. This study is interested in the experiences of the individual consumer of digital products. Specifically, what are the experiences of Nigerian consumers with respect to digital crimes?

DIGITAL CRIME: A CHALLENGE FOR MANY NIGERIAN CONSUMERS

The survey investigates the proportion of digital consumers that are victims of digital crime. Results reveal that just over three in 10 consumers (32.25%) are victims of digital crime.

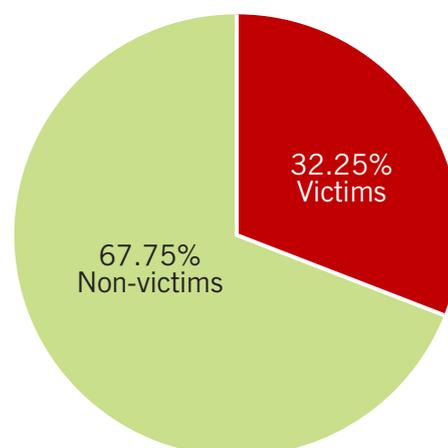


Figure 2.1: Have you ever been a victim of digital crime?

Source: 2019 Digital Consumer Survey, FeedbackHall

The result also reveals important differences by gender, age and location. Slightly more than six in 10 consumers (62%) who say they are victims of digital crimes are men while nearly four in 10 (38%) are women.

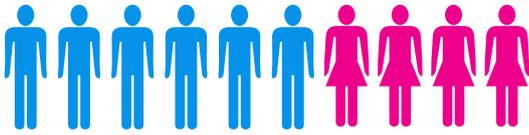


Figure 2.2: Digital crime victims: Male vs. Female.
Source: 2019 Digital Consumer Survey, FeedbackHall

The survey also finds that members of the middle age group (25 - 45years), more than any other age group, are victims of digital crime. More than half (58%) of the victims are between 25 and 45 years old. Nineteen percent are below 25 years while 23% are above 45 years.

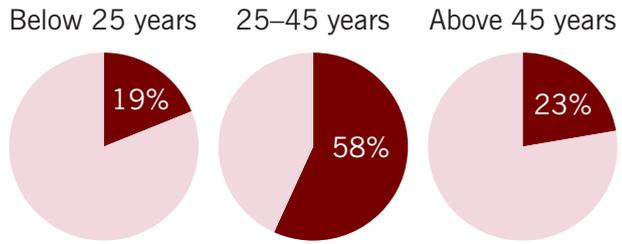


Figure 2.3: Proportion of various age groups who are victims of digital crime.

Source: 2019 Digital Consumer Survey, FeedbackHall

Although members of the youngest age group are the least likely to be victims of digital crime (19%), it may be too early to conclude that members of this age group are truly smarter than the older age groups online. This is because many of them, especially those at the lower end, are still schooling and fully dependent on other adults; not doing some of their buying themselves; and not yet seeking employment, business or marriage. In addition, many of them are not lucrative targets for digital crime.

However, we do not rule out the possibility of this youngest group being less vulnerable online when we view our findings from the perspective that many of them have never known a world without digital crime. Without any recall of Nokia 3310 or Samsung blue light, they have always used devices that are truly digital and, living most of their lives online, they may be able to recognise and avoid fraudulent situations better than older people.

Location of Digital Crime Victims

This survey finds that the majority of digital crime victims are resident in the southern part of Nigeria. While 31% of all respondents say they were victims of digital crime in 2019, the number of victims was more in southern Nigeria. Forty-five percent of respondents in the South-west, 36% in the South-south and 35% in the South-east are victims of digital crime.

- Sample taken from zone
- Victims in zone

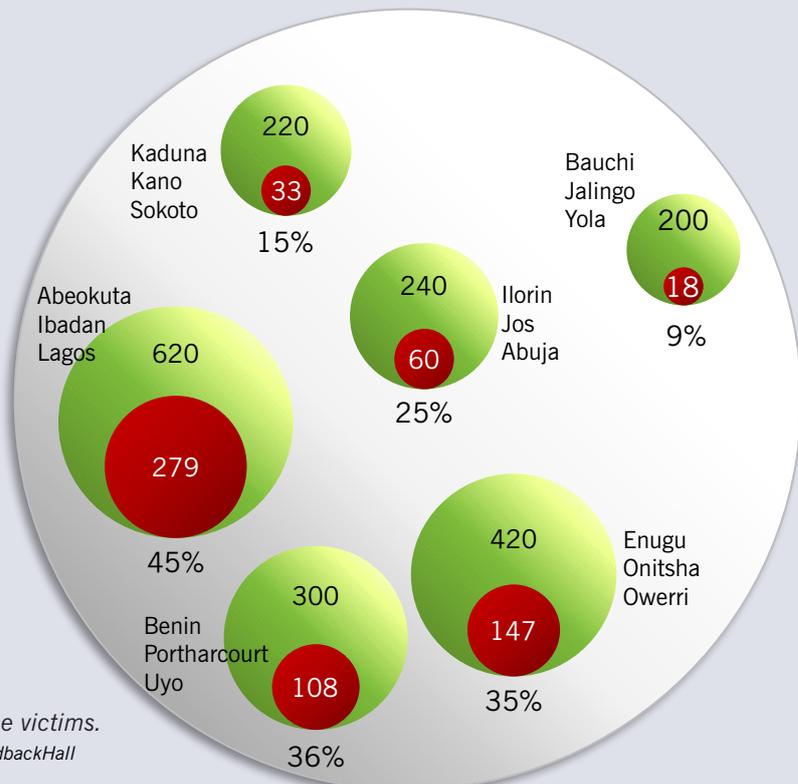


Figure 2.4: Location of digital crime victims.
Source: 2019 Digital Consumer Survey, FeedbackHall

More Internet Experience Makes No Difference

One might expect consumers with several years of Internet experience to be less vulnerable, but our findings show that more Internet experience does not make a significant difference. Similar proportion of consumers from different categories of duration of internet experience are victims of digital crime. Consumers with less than 2 years of Internet experience have the least proportion of members who say they are victims (28%). The group with two to five years experience has the highest proportion (34%). The over five years internet experience group has a similar proportion (32%).

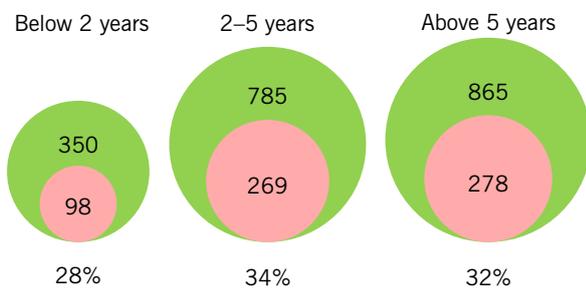


Figure 2.5: Duration of Internet experience and physical scam.
Source: 2019 Digital Consumer Survey, FeedbackHall

NATURE OF DIGITAL CRIME EXPERIENCED BY CONSUMERS

To find out the nature of scam experienced by those who say they are victims of digital crime, 134 participants who agreed to share their experience(s) were interviewed. Some of these participants have more than one experience. The experiences are related to online shopping, banking, employment, lottery and prize, love/marriage among others.

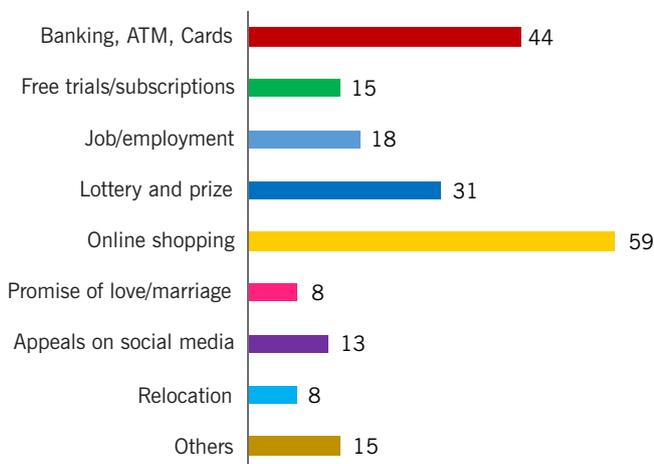


Figure 2.6: Nature of scam experienced by consumers.
Source: 2019 Digital Consumer Survey, FeedbackHall

Online Shopping

Analysis of responses reveal that the most prevalent kind of digital crime experienced by consumers relate to online shopping (59 cases), especially receiving goods that are different from what is ordered as well as not receiving orders at all. Some of the digital crime experiences shared by participants regarding online shopping are as follows:

I bought some things online but they gave me goods that are lower quality.

I ordered some goods advertised on Instagram and paid to the given account number but the goods were not delivered to me.

I paid for some things on fake website.

Banking

The second most prevalent digital crime experienced by consumers relate to banking. Many are initiated using threatening messages about a bank account being under threat as well as messages persuading victims to enroll in offers designed to grant fraudsters access to victims' accounts (44 cases). Of the 44 cases, 17 relate to Bank Verification Number (BVN) and 9 to mobile/online banking. Some of the experiences shared are:

I got a message that my bank account was about to be blocked because my BVN was not activated. I called the number and he told me to send my account details and I sent to him. He told me to switch off my phone for 30 minutes so that the account can activate. Later when I switched on my phone, I started getting debit alerts...

My son told me to go to my bank and activate something on my phone so that he can be sending me money. When I activated it, he used my phone to transfer money to his account.

Lottery/Prize

The third most prevalent digital crime relate to lottery/prizes (31 cases). Some victims say they were asked to follow certain processes to win a prize or get something for free.

...I got a text that I won the latest iPhone and I was asked to follow a link. I followed the link and sent fifty thousand Naira (N50,000) so that I can claim the prize. I sent the money but they did not give me the iPhone.

... I kept getting messages that I can win big in something and when I tried to do what they told me to do, they were deducting my airtime and I didn't win anything.

Employment

Some victims interviewed shared experiences of job scam (18 cases). One of the experiences shared is:

An agent I met on social media promised to help me get a job in Dubai if I pay \$2000. I borrowed \$2000 and sent to him to secure the job but his number was not available again after I sent the money.

Free Trials

Some victims say they were asked to try some services for free for a specified time after which they could choose to subscribe. The victims report that they did not subscribe but the companies (or fraudsters) started deducting subscription dues from their accounts (15 cases). One of the cases is cited below:

I was told to enroll on the training for free for a month after which I could choose to continue or not but after one month, I did not choose to continue and they started deducting money from my account. I tried to unsubscribe but it didn't work until after the third month.

Appeals on Social Media

Some were victims of people who created false but believable messages about being in a pitiable situation and then, appealed for money on social media (13 cases)

She presented herself to me on social media as a poor student who needed financial help to pay school fees and I sent money to her twice and after sometime, she stopped chatting with me...

Love

Some victims report that they got fake promises of Love (8 cases).

We dated online for about a year and I was taking care of all our bills for some time but when we agreed to meet physically the behavior became so strange so I suspected it was a scam.

Other Crime Experiences

A few victims experienced scam trying to relocate (8 cases). Other experiences shared had to do with paying for international conferences that never held (5 cases) and paying to publish articles in fake journals (4 cases). Some are victims of computer systems that had been compromised. Some used public computer systems for financial transactions and had their personal information used by the fraudsters (6 cases).



Some of the scams shared by the victims such as threatening messages, particularly about bank verification number (BVN) and bank accounts; fake promise of love/marriage and winning prizes in promotional programmes are old forms of scam. Why are people still falling victims of these? When participants were asked if they heard of this kind of scam before their own experience, the victims of 65 cases out of the 83 cases (78%) in these areas say they did not hear about the form of scam before their own experience.

HOW DIGITAL CRIME VICTIMS SHARE THEIR EXPERIENCES

When asked to describe the actions they took when they realized they had been scammed, more than half of the victims (54%) say they shared their experiences with only family and friends, while just about one-fifth (21%) say they did nothing; they did not share the experience with anyone and they did not report their scam to relevant organisations. Only one quarter of the victims (25%) shared their experiences beyond close family and friends, mainly through social media. Nearly the same proportion (22%) say they made a report to relevant organisation.

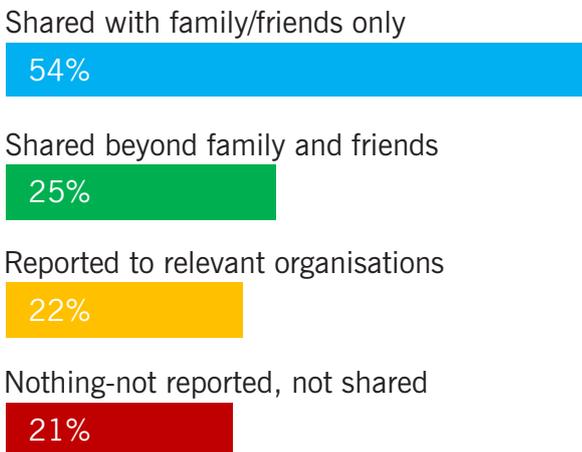


Figure 2.7: What victims did when they realized they had been scammed
Source: 2019 Digital Consumer Survey, FeedbackHall

Why Do Nothing?

Why do some victims do nothing when they realise they have been scammed? More than half of the victims who say they did nothing (58%) mention they do not have time to follow up while 30% say the value of their loss is not worth the time and effort required to follow up. In addition, 27% report that they are ashamed of sharing or reporting their cases, while 15% mention various reasons, including not having the energy to follow up and fear of getting scammed again or getting into other kinds of trouble in the process of sharing or reporting.

Value of loss is not worth the time/effort in doing anything

30%

Ashamed

27%

No time to follow up

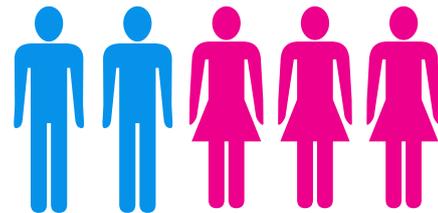
58%

Others

15%

Source: 2019 Digital Consumer Survey, FeedbackHall

Women are more conservative when it comes to sharing digital fraud experience. Three-fifths of consumers (60%) who say they did nothing when they realized they were scammed are females while 40 percent are males.



Source: 2019 Digital Consumer Survey, FeedbackHall

CONSUMERS' TRUST FOR DIGITAL PLATFORMS CLEARLY AT A DEFICIT

The majority of consumers (69%) say they do not believe their personal information is safe online. Only a little above one in 10 (13%) say they believe their personal information is safe online while almost two in 10 (18%) were unsure.

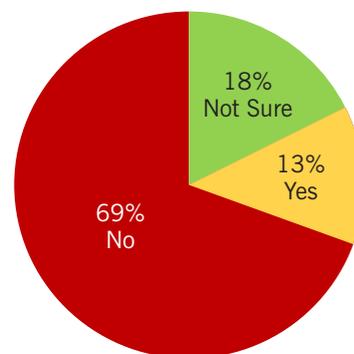
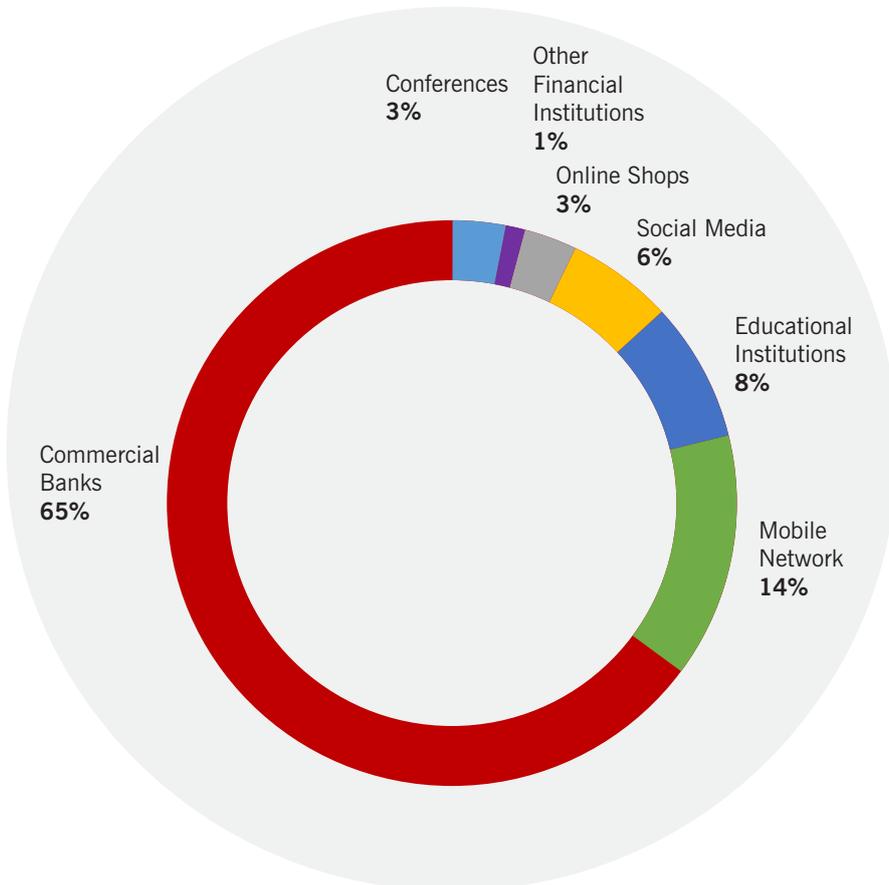


Figure 2.8: Do you believe your personal information is safe online?

Source: 2019 Digital Consumer Survey, FeedbackHall

When asked to indicate what kind of platforms they trust the most with their personal information and the reason for trusting the platforms the most, over three-fifths of the consumers (65%) say they trust digital platforms provided by commercial banks the most. Fourteen percent say they trust platforms of mobile network providers while less than one in 10 (8%) say they trust those provided by educational institutions. Less frequent are digital platforms offered by online shops (3%), conferences and events (3%) and other financial institutions (1%).



The most common reasons consumers give for trusting the platforms provided by commercial banks are: 1) Banks have capacity to protect customer data (45%); Banks are committed to customer protection (41%) and; 3) Bank regulators are committed to customer protection (32%).

Figure 2.9: What kind of suppliers do you trust their digital platforms with your personal information the most?

Source: 2019 Digital Consumer Survey, FeedbackHall

CONSUMERS' INTERNET ACTIVITIES AND VULNERABILITY TO DIGITAL CRIME

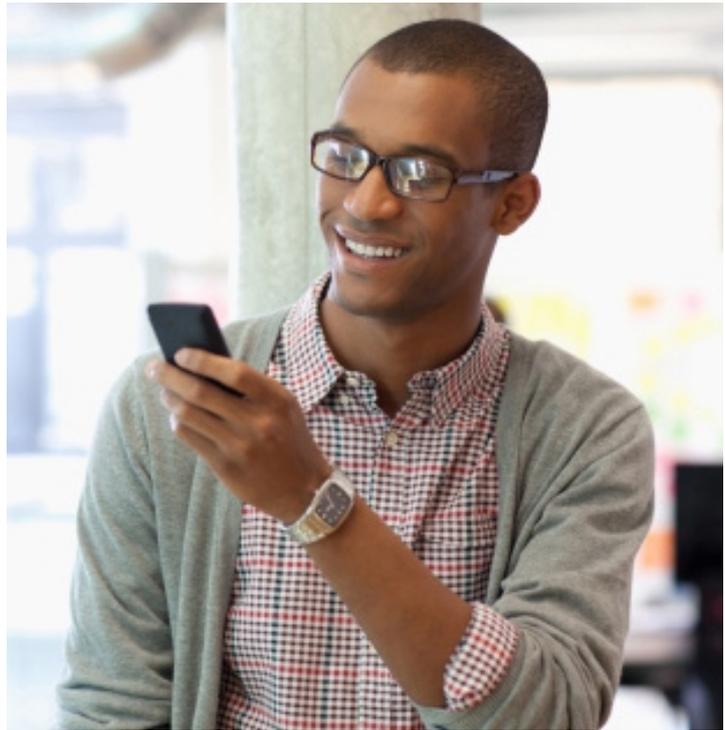
While service providers, and some government agencies have a responsibility to ensure that consumers are protected, consumers need to always take the lead in protecting themselves from digital fraud, but can Nigerian consumers play this important role? Self protection requires consumers to use the internet in careful ways. For example, consumers can guard against identity theft by restricting the sharing of personal information over the internet. However, findings from this survey suggest that many consumers behave in ways that make them vulnerable to digital fraud.



Figure 2.10: Internet consumer behaviour and vulnerability to digital crime.

Source: 2019 Digital Consumer Survey, FeedbackHall

The findings indicate that consumers may be most vulnerable to attacks related to identity theft and invasion of privacy, as 93% share their passwords always or sometimes while 80% trust caller ID information always or sometimes. In addition, 73% of participants always or sometimes use public computers for activities that involve financial transactions, which gives fraudsters opportunity to obtain their personal information. These are followed by accepting offers without consultation (66%) and paying upfront for offers made online (55%). Overall, findings reveal that most consumers are vulnerable to digital fraud and reiterate the need for consumer sensitization and education.



INCLUSIVENESS REMAINS KEY TO EFFECTIVE CONSUMER EDUCATION

It seems that businesses are making efforts to protect consumers from digital crime through strategies such as data devaluation, use of predictive analytics and sensitisation. However, companies and consumer protection organisations need to do more. A most fundamental action is making consumer education and sensitization more inclusive. An inclusive consumer education and sensitization is the kind that is designed to cover all types of customers: those who are educated, and those who are not; those who use adequate common sense, and those who do not; those who are experienced Internet users, and those who are not; those who are desperate and those who are not; etc. Since education, common sense, experience, and patience are not requirements for the people to become customers, they should not be requirements for the customers to come under the customer protection umbrella.



ONLINE SHOPPING

Online shopping provides some measure of ease for consumers and has been accepted in many parts of the world as a convenient mode of shopping. This survey investigates the actual proportion of digital customers that shop online as well as the reason(s) behind the attitude of Nigerian consumers towards online shopping.

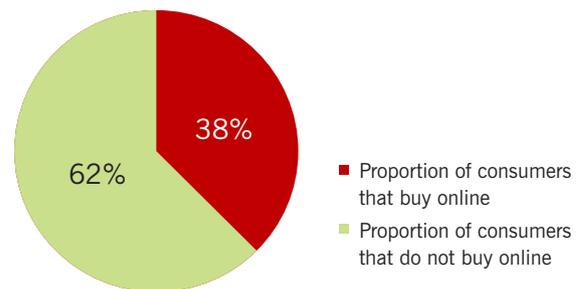


Figure 3.1: Proportion of consumers that shop online.
Source: 2019 Digital Consumer Survey, FeedbackHall

THE MAJORITY OF NIGERIANS YET TO EMBRACE ONLINE SHOPPING

The survey finds that a large proportion of digital consumers in Nigeria do not shop online. Thirty-eight percent of consumers say they buy online while the rest (62%) do not.

Members of the middle age group (25 – 45 years) buy online more than consumers in other age groups. Three-fifths of consumers (60%) who say they buy digital products online are between 25 and 45 years of age. The survey reveals that females buy online more than males as nearly three in five consumers (59%) who say they buy online are females.

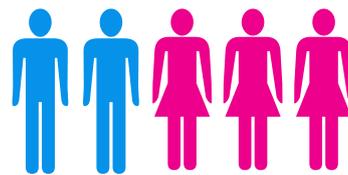


Figure 3.2: Proportion of consumers that shop online: Male vs. Female.
Source: 2019 Digital Consumer Survey, FeedbackHall



MAJOR CONSUMER CONCERNS ABOUT ONLINE SHOPPING



Figure 3.3: What are your major concerns about online shopping?

Source: 2019 Digital Consumer Survey, FeedbackHall

The survey finds that almost seven in 10 consumers (67%) do not trust the shopping platforms enough to input their credit/debit card details for payment. Over six in 10 (64%) are concerned about not knowing who to talk to when something goes wrong with an online purchase while just more than half of the

consumers (51%) are concerned about receiving goods that are different from what they ordered. Other concerns reported by consumers include the possibility of not receiving orders on time (45%), as well as fear of not receiving goods ordered at all (34%).

Older Consumers are Significantly More Concerned About Technology

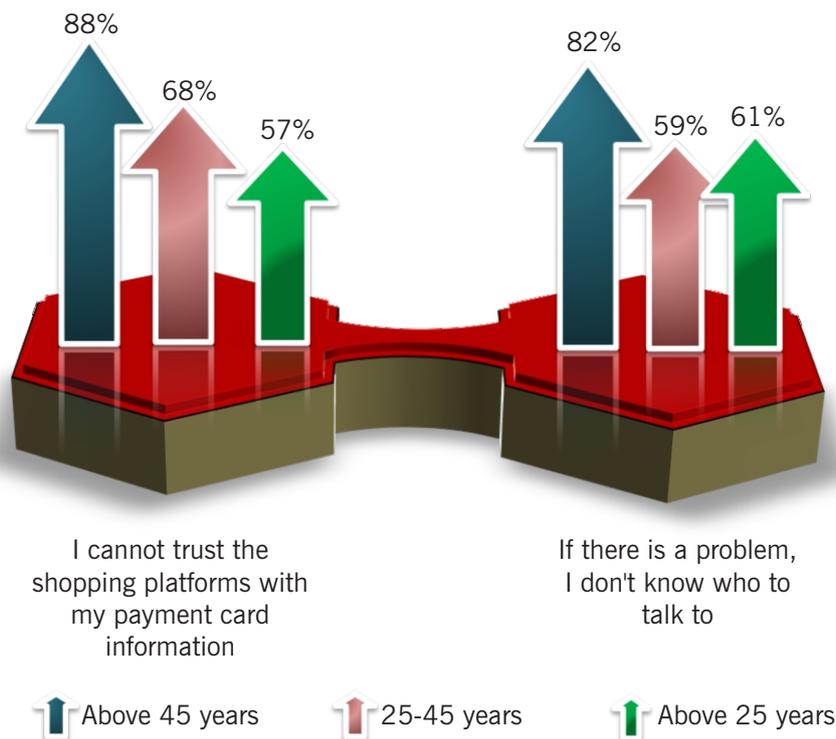


Figure 3.4: Age and consumer concerns about online shopping technology.

Source: 2019 Digital Consumer Survey, FeedbackHall

Digging further into the findings, we discover that two concerns were prevalent across all age groups. More than half of members of all age groups say they do not trust the shopping platforms with their credit/debit card details.

Secondly, more than half of members of each age group worry about not knowing who to talk to when something is wrong with a purchase. This clearly shows that when it comes to buying, the majority of shoppers still

prefer dealing with real human beings to dealing with computer systems. This finding is consonant with a report released by Jumia in 2017, which revealed that 70% of Nigerians preferred cash on delivery option to other forms of payment when they shop online.¹

However, people in different age groups differ with regard to these two concerns. More members of the oldest age group are concerned. Nearly nine in 10 members (88%) of this group do not trust the sites enough, while a little more than eight in 10 members (82%) are concerned about not knowing who to talk to when something goes wrong with a purchase. For the youngest age group, fewer than six in 10 customers (57%) do not trust the sites while just more than six in 10 customers (61%) are concerned about not knowing who to talk to when something goes wrong with a purchase. The proportion of the middle age group - between 25 and 45 years of age - who say they cannot trust the shopping sites with their credit/debit card fall somewhere in between the two (68%). This age group has lesser proportion of members than the youngest age group who say they are concerned about not knowing who to talk to when something is wrong with a purchase (57%).

This finding signals that trust for online shops is increasing by generation since the youngest age group trust the sites more than older groups. However, this signal is real only if members of the youngest age group are not concerned because they truly trust the sites and not because they would not lose much if their account information is compromised.



¹ United Nations Conference on Trade and Development 2018. UNCTAD B2C E-Commerce Index 2018 Focus on Africa. UNCTAD Technical Notes on ICT for Development, No. 12

CONSUMER TRUST FOR ONLINE SHOPS: LOCAL VS FOREIGN

When asked where their most trusted online shops are domiciled, many of the consumers say United States (29%) and United Kingdom (17%). Sixteen percent, 14%, and 11% mention China, Europe, and Nigeria respectively.

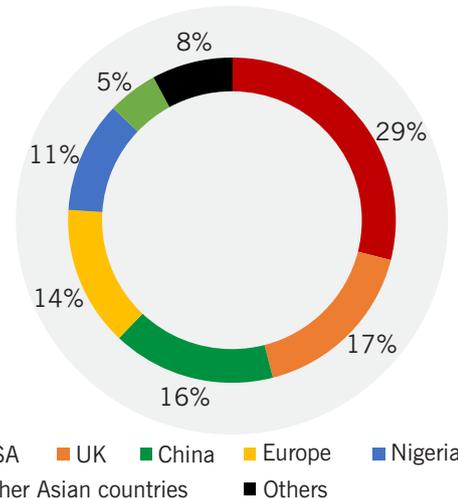


Figure 3.5: Consumer trust for online retailers in various locations across the globe.

Source: 2019 Digital Consumer Survey, FeedbackHall

HOW FIRMS CAN BECOME TRUSTWORTHY: THE FEEDBACKHALL'S MODEL

Customer trust is the lifeblood of e-commerce. For an online business to thrive, customers and potential customers need to trust the companies with things that are precious to them such as their personal information and debit card details. However, findings from this survey suggest that Nigerian digital consumers do not trust online businesses, especially those domiciled in Nigeria.

In addition to the findings from this study, evidences of mistrust abound; for example, many consumers want to select goods online and pay cash on delivery. These blended approaches come with extra logistics costs and risks that reduce or erode the profitability of the retailers. While other stakeholders have critical roles to play in engendering trust in the Nigeria online e-commerce industry, the businesses need to move ahead and play their own parts to unlock their industry.

In line with O'Neill's¹ idea of trust, it is important to note that customer trust belongs to the customer and the customer places it on any company he/she considers worthy of trust. In light of this, the direct focus of the businesses should be to improve their trustworthiness. The framework below may be a helpful guide to improving trustworthiness.

1. Identify the dimensions of Trustworthiness for your firm

What specific factors determine whether your firm is trustworthy or what do you want customers to trust you for?

2. Set standards and performance measures for identified dimensions

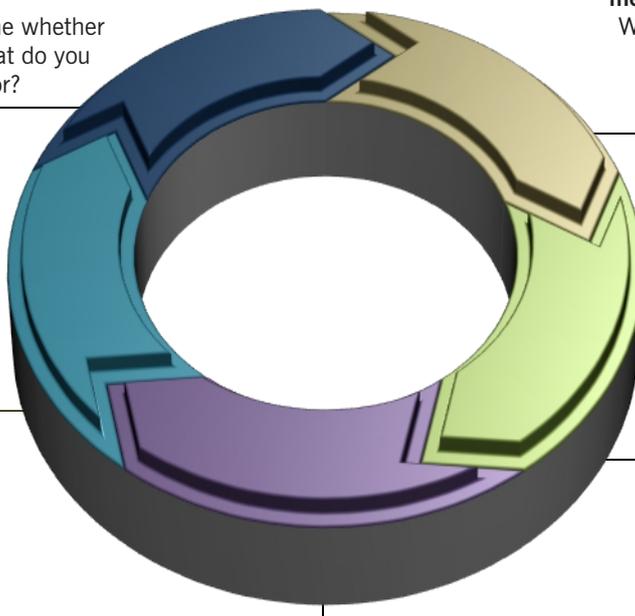
What results do you want to get or what level of performance in the identified dimensions can guarantee customer trust?

5. Evaluate the outcome, compare result with defined standards

What lessons did you learn? How can you continue to improve your organisation's system?

3. Assess, Improve and test your Systems

What changes do you need to make to your policies, people, infrastructure and practices to make them capable of delivering desired levels of performance?



4. Communicate evidence of your trustworthiness effectively to target audience

How will your customers know that they can now trust you to do what they need?

Figure 3.6: Framework for improving trustworthiness.

Source: 2019 Digital Consumer Survey, FeedbackHall

The framework in Figure 3.6 suggests that a firm should begin by defining what trustworthiness means for it. This is because dimensions of trustworthiness or what firms need customers to trust them to do are not exactly the same for all firms. The dimensions depend on the firm's business and how target customers will use the technology. Next, a firm needs to determine the level of performance in each identified dimension that will make target customers trust them. Well-managed strategic sessions, focus groups, interviews, or surveys with target customers will be helpful in obtaining reliable information for this task. With this information, the firm can assess, improve, and test its systems. In doing this, the firm should consider all factors linked to the dimensions, including outsourced services and partners' operations to ensure that they are brought up to the same scale of performance

and commitment to building trustworthiness.

When necessary improvements are made, the firm need to effectively communicate changes to target customers through appropriate marketing activities. The last phase requires firms to evaluate its activities so far to determine whether the results obtained matched the standards as well as plough back lessons-learned into a fresh process. This suggests that the efforts at improving trustworthiness are not a one-off but a continuous one. Given the rate of change in the digital world, what customers expect from companies and what attracts their trust is continually changing. The industry approach to ensuring that member firms are trustworthy may be helpful in engendering trust in the whole industry. In addition, regulatory support from government is vital.

¹ O'Neil, O. (2013) What We Don't Understand About Trust. TED Talk



CONSUMER RIGHTS AND PROTECTION

As Nigerian consumers become more and more dependent on digital technology, as well as devices that depend on digital technology, there is need for clear consumer rights in case of defective digital products. Legal certainty is important to allow consumers have adequate confidence to enter into contracts for the supply of digital goods and contents. This survey investigates the problems that consumers encounter in the process of buying and using digital products; how clear the rights, if any, are to consumers; and the level of damage caused by unclear consumer rights on consumers' confidence to enter into contracts for sale of digital contents.

CHALLENGES IN BUYING AND USING DIGITAL PRODUCTS IN NIGERIA

The survey finds nine challenges that consumers encounter in buying and using digital products. The most prevalent of the nine is unconcise information (76%). Sixty-eight percent of the consumers mention inadequate Internet access, while the same proportion mention inability to get redress as problems.

Terms of use are unfair

58%

Complex products

24%

Inadequate internet access

68%

Information not concise

76%

Complex information

56%

Inadequate information

27%

Products Perform below expectation

43%

Products are inaccessible

15%

Inability to get redress

68%

Figure 4.1: Challenges consumers encounter in buying and using digital contents.

Source: 2019 Digital Consumer Survey, FeedbackHall

CONSUMER RIGHTS: AWARENESS AND CLARITY

Rights Against Defective Digital Products are Not Clear to the Majority of Consumers

Consumers buy digital products in various ways. Sometimes, the products are supplied by means of some physical vectors such as CDs and DVDs while sometimes consumers download them directly from the Internet without any physical medium. Consumers also access digital contents in real time by streaming. No matter how consumers decide to obtain digital products, they should clearly know the rights they have when the products are faulty. However, this survey finds that most consumers are not aware of any rights they are entitled in contracts for supply of digital content.

Fewer than one in 10 consumers (8%) say they know their rights against defective digital products very well. More than one in 10 (12%) say they know somewhat well, while

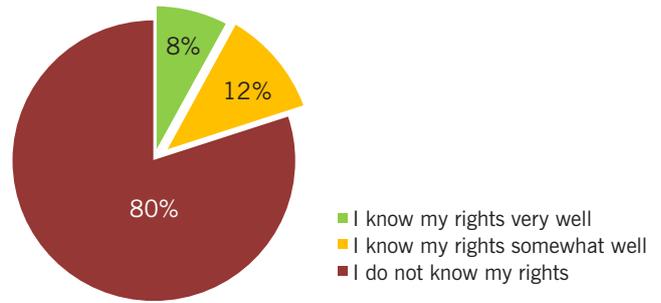


Figure 4.2: Consumer awareness of their rights against defective digital products.

Source: 2019 Digital Consumer Survey, FeedbackHall

eight in 10 customers (80%) say they do not know.

When respondents who say they know their rights well or somewhat well were asked to describe the rights they are entitled to, most of them (68%) referred to the rights contained in company-based terms of service. One-quarter of the consumers mentioned the general consumer rights: right to be informed; right to safety; right to redress; etc. The remaining 7% did not refer to any law or contract but mentioned what they believed they should be entitled to.

Basic Consumer Rights

Of the seven general rights, the right to choose is most known as more than three-quarters of the consumers (76%) say they know they have right to choose; this is followed by the right to safety (62%). The right to representation is the least known by consumers as only more than three in 10

consumers (34%) say they know that they have right to be represented. Further analysis reveals that nearly three-quarters of consumers who say they do not know they have right to be represented are people below 25 years (72%). Ten percent are between 25 and 45 years, while 10% were above 45 years.

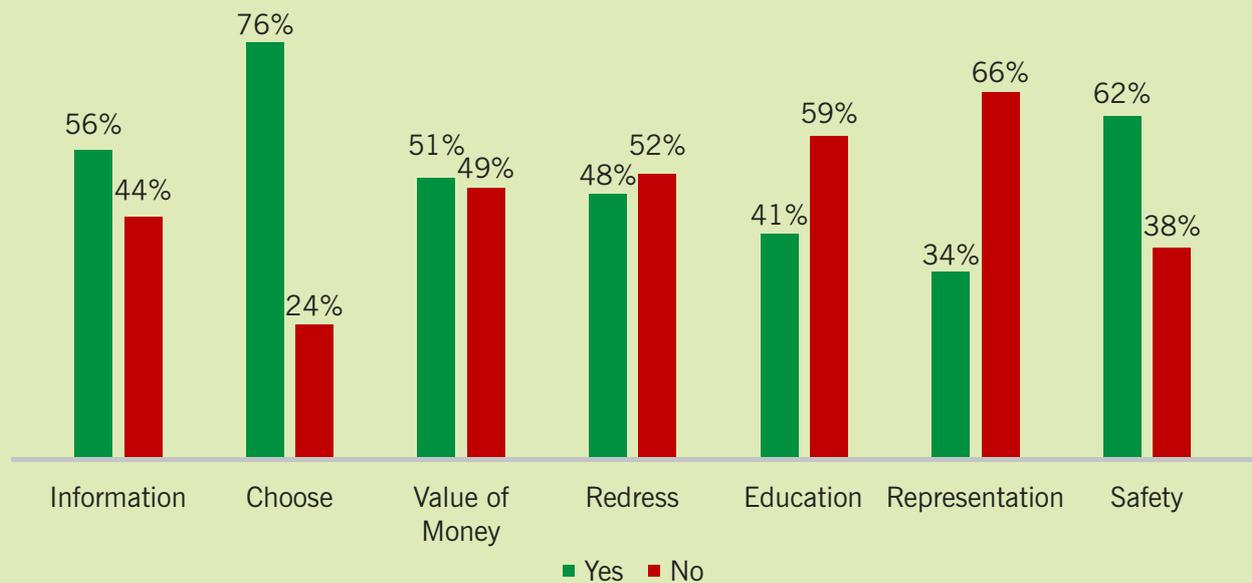
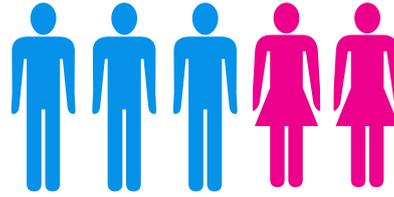


Figure 4.3: Consumer awareness of their basic rights.

Source: 2019 Digital Consumer Survey, FeedbackHall

About three-fifths of consumers who say they know their rights (59%) are male, while 41% are female. These findings clearly indicate the need for more consumer awareness projects for all age groups. Meeting this need requires collaboration of key stakeholders, including relevant government agencies, Non-governmental organisations, and businesses.



Source: 2019 Digital Consumer Survey, FeedbackHall

THE IMPACT OF LEGAL UNCERTAINTIES ON CONSUMER CONFIDENCE

For all digital consumers, unclear rights against defective digital products damage their confidence in entering into transactions involving the supply of digital products with average reported level of damage being 3.9 (on a scale of 1 to 5). The level of damage for participants under 25 years of age (3.7) is lower than the overall average. In contrast, the average reported by the middle age group (25-45 years) and the oldest age group (above 45 years) fall similarly above the overall damage level (4.1 and 4.0 respectively).

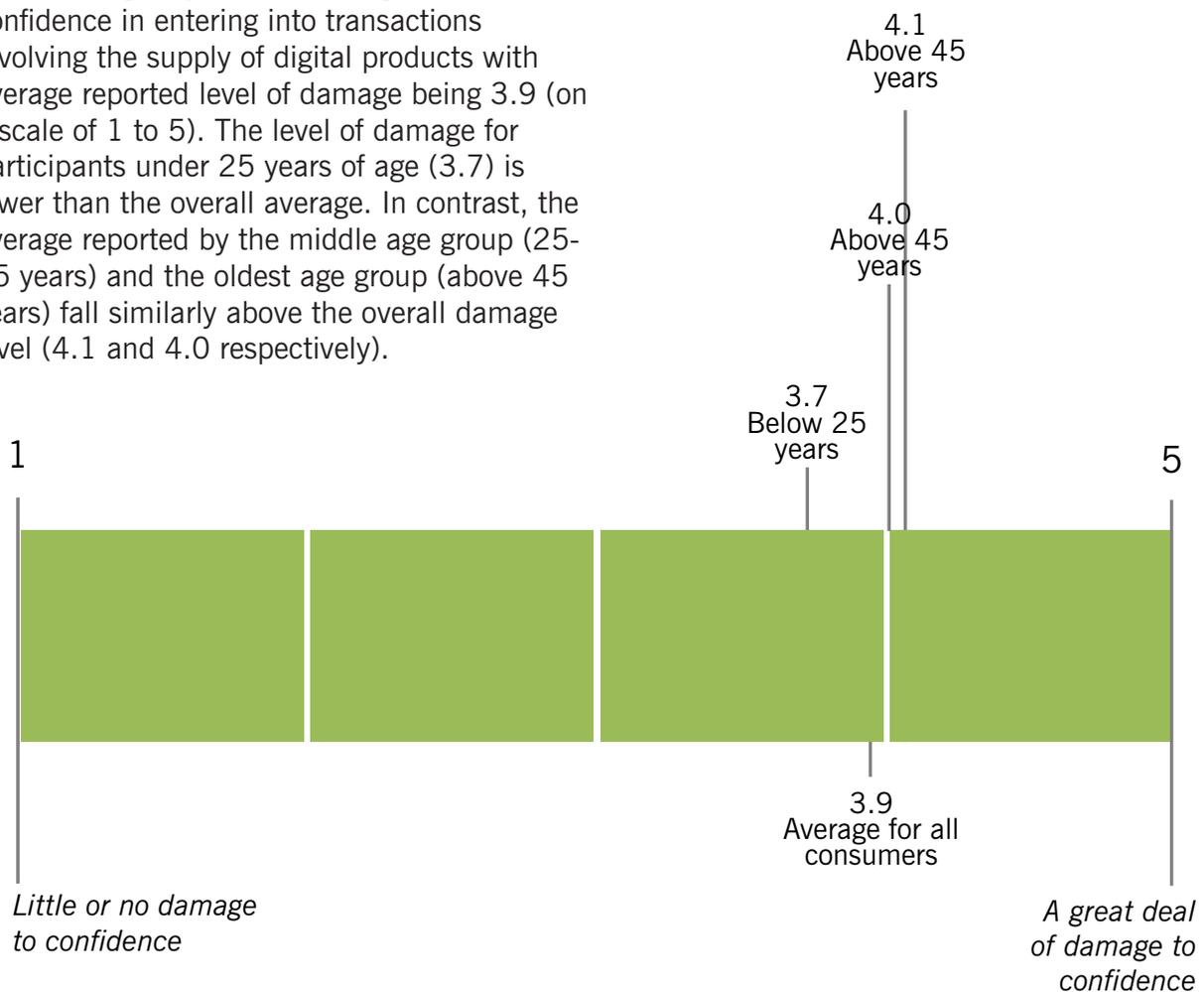


Figure 4.3: How Nigeria Digital consumers rate the level of damage caused by unclear rights against defective digital products.

Source: 2019 Digital Consumer Survey, FeedbackHall



MOVING FORWARD: QUESTIONS FOR REFLECTIONS

1. How protected is the Nigerian consumer in the digital era? In other words, to what extent is the Nigerian consumer protection legislation applicable to transactions relating to digital products including digital products that are not provided in exchange for monetary compensation immediately but are offered to users “free” in exchange for their personal information, which companies usually monetise in secondary use?
2. How can relevant consumer laws in Nigeria be adapted to the digital age? The over 90 million Nigerians connected to the Internet are bound by laws of different companies, most of which are based abroad. These laws are not only very distant from the people but are also incomprehensible to many. As a result, only few may be able to confidently invoke those laws in case of defective digital products. There is need for local consumer protection laws to which companies providing their services in Nigeria can adapt.
3. How can the legal system – people, policies, practices and infrastructure - be restructured to be more dynamic considering the speed of change and transformation in the digital markets? True consumer protection in the digital era requires much more than a one-off establishment or adjustment of laws. It requires that the laws be established in a way that they can be quickly and easily changed given that the digital markets, along with the behaviours and expectations of businesses and their customers, are constantly changing. It takes real commitment to consumer protection, a thorough understanding of the digital world and what customers' experiences and wants are.
4. Beyond digital, how can consumers be educated about their basic rights and other important topics? Campaigns on TV, newspapers, and social media reach about the same set of consumers. Every consumer deserves to be protected including the difficult-to-reach. A collaborative approach is important to reach a critical mass. The stakeholder map needs to widen. For example, what roles can schools, communities (religious organisations, unions, associations), private organisations, and non-consumer protection agencies such as National Youth Service Corps (NYSC) play in educating consumers?

DESIGN AND IMPLEMENTATION OF THE RESEARCH

A mix of stratified random and purposive sampling techniques was used to select 2000 adults age 18+ who reside in Nigeria and represent the country's demographic and geographic diversity. To ensure the relevance of the results, a necessary condition for participating in the study was that the participant have used digital products for at least six months and have bought or downloaded and used digital products by themselves.

The respondents were residents in 17 cities across Nigeria (Abeokuta, Abuja, Bauchi, Benin, Enugu, Ibadan, Ilorin, Jalingo, Jos, Kaduna, Kano, Lagos, Onitsha, Owerri, Port Harcourt, Sokoto, Uyo, and Yola). Questionnaire and interview guide were the instruments for data collection. The instruments which were designed by the research team had questions on end-user license agreements, Digital crime, online shopping as well as consumer rights and protection. The items in the questionnaire were of multiple-choice format to facilitate quantitative analysis. For the semi structured

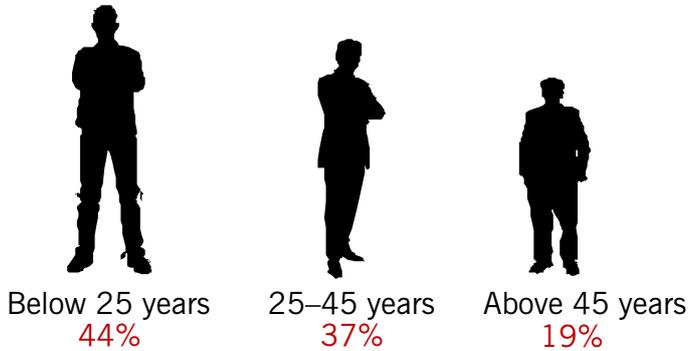
interview designed to supplement quantitative data and add to the level of insights, open ended questions were used. The instruments were pre-tested on a group (n = 25) to reinforce their content validity. Based on the pretest, a few adjustments were made on the questionnaire and the interview guide before final administration. For the interviews, recruitment and interviewing of participants continued until data saturation was achieved. English was used as the study language. Many of the respondents were met face-to-face at shopping malls, computer villages and Feedbackhall events. The survey was also placed on the feedbackhall website (feedbackhall.com) where some members of the community took the poll. The survey was conducted between March and July, 2019. Frequency, percentages and mean were used to analyse data from the study. The interview data were subject to qualitative thematic analysis. Transcripts were coded to establish major themes which were graphically represented. For more information on methodology, see demographics (Page 26). A full methodology is available on request.



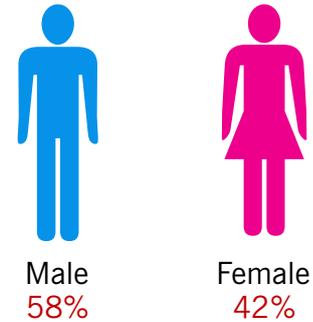
DEMOGRAPHICS

Total number of respondents – 2,000

Age groups

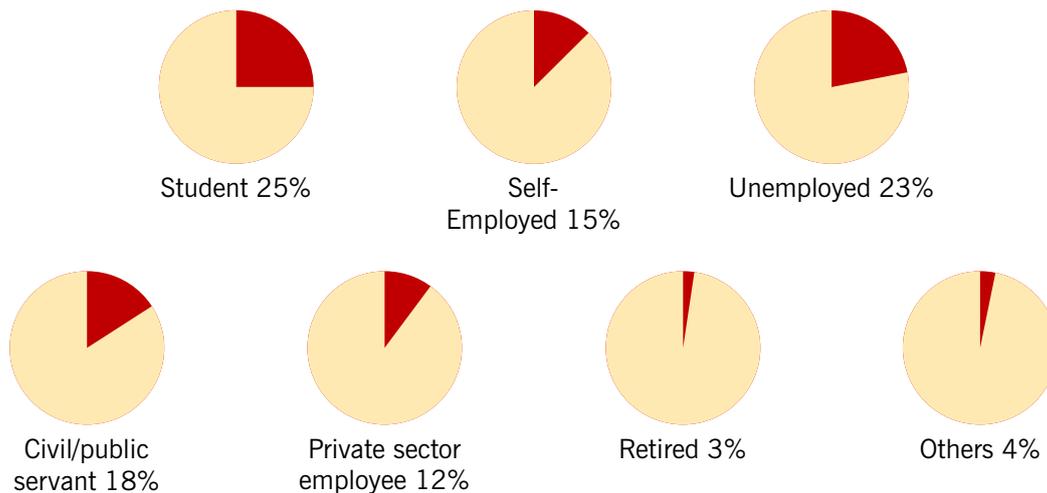


Gender



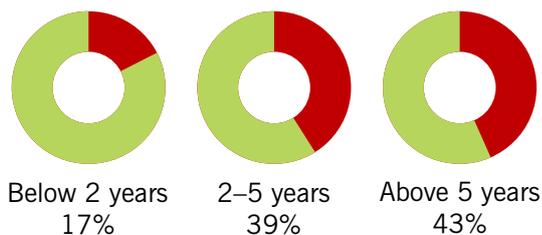
Source: 2019 Digital Consumer Survey, FeedbackHall

Employment Status



Source: 2019 Digital Consumer Survey, FeedbackHall

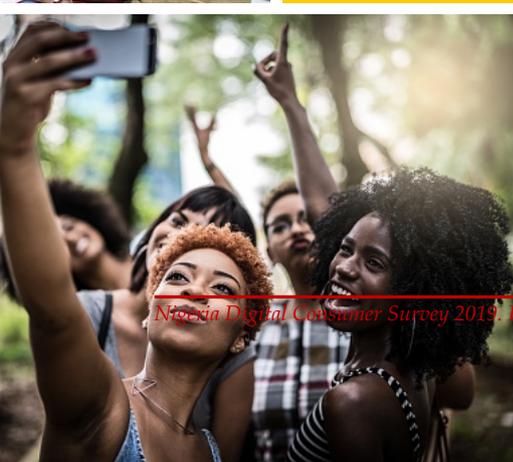
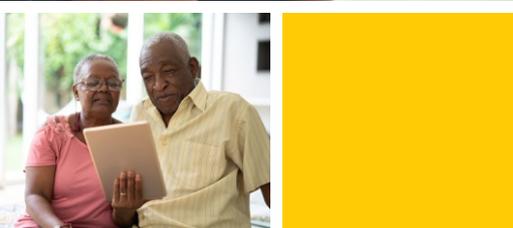
Internet Experience



Source: 2019 Digital Consumer Survey, FeedbackHall

Survey Locations

The survey was conducted in 18 cities across Nigeria; Abeokuta, Abuja, Bauchi, Benin, Enugu, Ibadan, Ilorin, Jalingo, Jos, Kaduna, Kano, Lagos, Onitsha, Owerri, Port Harcourt, Sokoto, Uyo, and Yola



ABOUT FEEDBACKHALL

FeedbackHall is a customer feedback service, registered in Nigeria. The Firm develops and markets the feedbackhall.com website and the feedbackhall mobile app, which enables consumers and producers give and receive feedback on goods and services. The FeedbackHall website which was launched in 2018 registered over 5000 members in its first year. The website and the mobile app are structured, convenient and affordable means for consumers, businesses and other interested parties to give and receive customer feedback, the long-lived missing key to consumer satisfaction and business success.

FeedbackHall is valuable to customers and businesses. For customers, it is a place to find good products and services; influence each other's choices, connect with the companies that serve them and influence the companies to create better experiences for them. For businesses, it is a place to connect with customers, understand them better and collaborate with them to design user-centered innovations that could lead to greater satisfaction and customer loyalty.

With a team of smart, passionate and well-trained professionals, FeedbackHall provides comprehensive product directory service and offers best-in-class, authentic and insightful research services. The Firm leverages its fast-growing community which has active members across all states of Nigeria and the Federal Capital Territory, Abuja to provide reliable and actionable difficult-to-find customer intelligence at a speed that has never been imagined.

ACKNOWLEDGEMENTS

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FeedbackHall is also grateful to the project team as well as staff of the FeedbackHall Research Center for their contributions.

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