

Reliability of Information provided by Small and Medium Enterprises

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Abstract

Purpose: Explore how consumers assess Small and Medium Enterprises (SMEs) credibility based on communication channels, transparency, and ethical practices by analysing consumer preferences across different demographic groups and industry sectors

Goal: Provide SMEs with strategies to strengthen online credibility and foster consumer trust in the digital marketplace.

Introduction

Importance: Trust in digital information is vital for SMEs to build consumer loyalty.

Challenges for SMEs:

- Lack brand recognition compared to larger companies.
- Depend heavily on online presence for credibility.

Study Focus: Investigates the impact of demographic factors, trusted channels, customer reviews, industry-specific credibility, and transparency.

Methodology

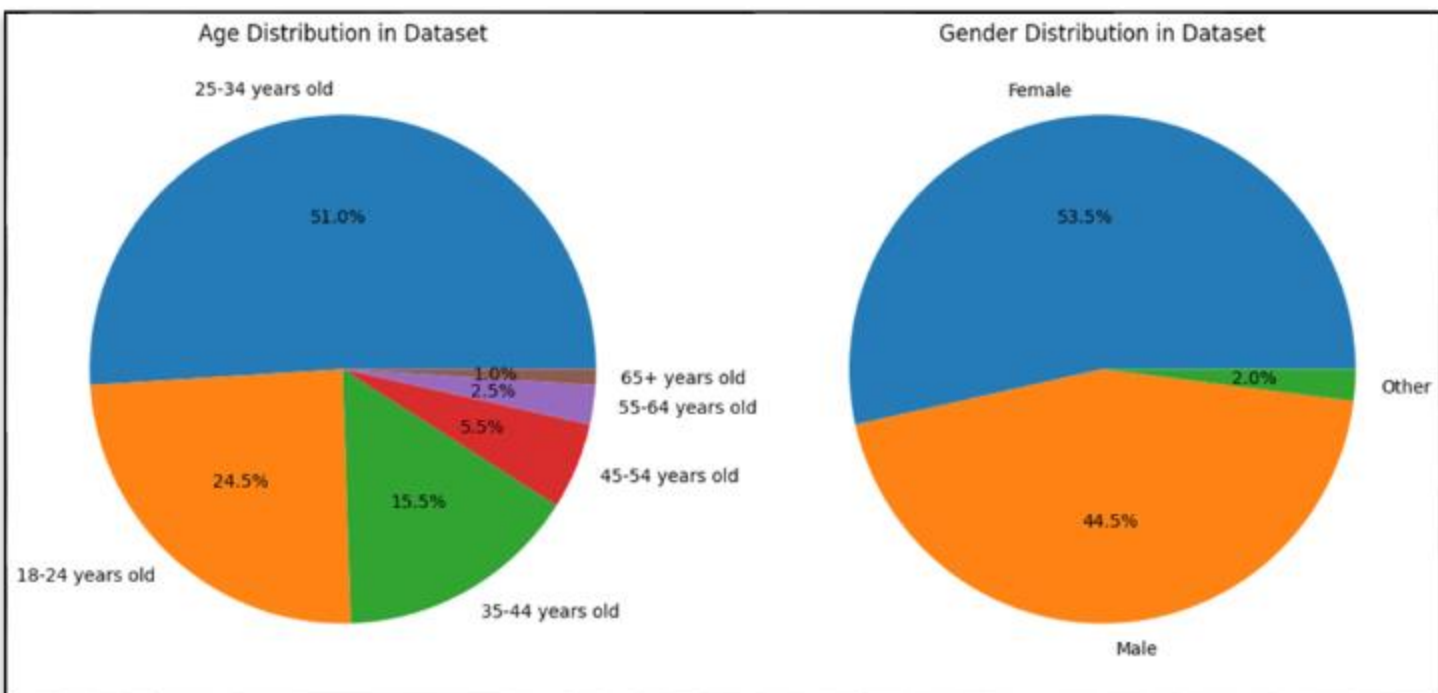
Data Collection: Data was gathered through an online survey, distributed via the Prolific platform. Additionally, interviews were conducted with a subset of participants to gain in-depth insights

Sample: Over 200 respondents from various industries and with demographic factors have participated in the survey.

Analysis: Combined quantitative (statistical) and qualitative methods. Multiple techniques were used to analyse data. E.g., hypothesis testing, median, ANOVA test, and colour coding

Data Privacy: All responses were anonymised and stored securely in accordance with data protection regulations (GDPR) to protect participants' identities. There was a limited access to to the full dataset, ensuring confidentiality.

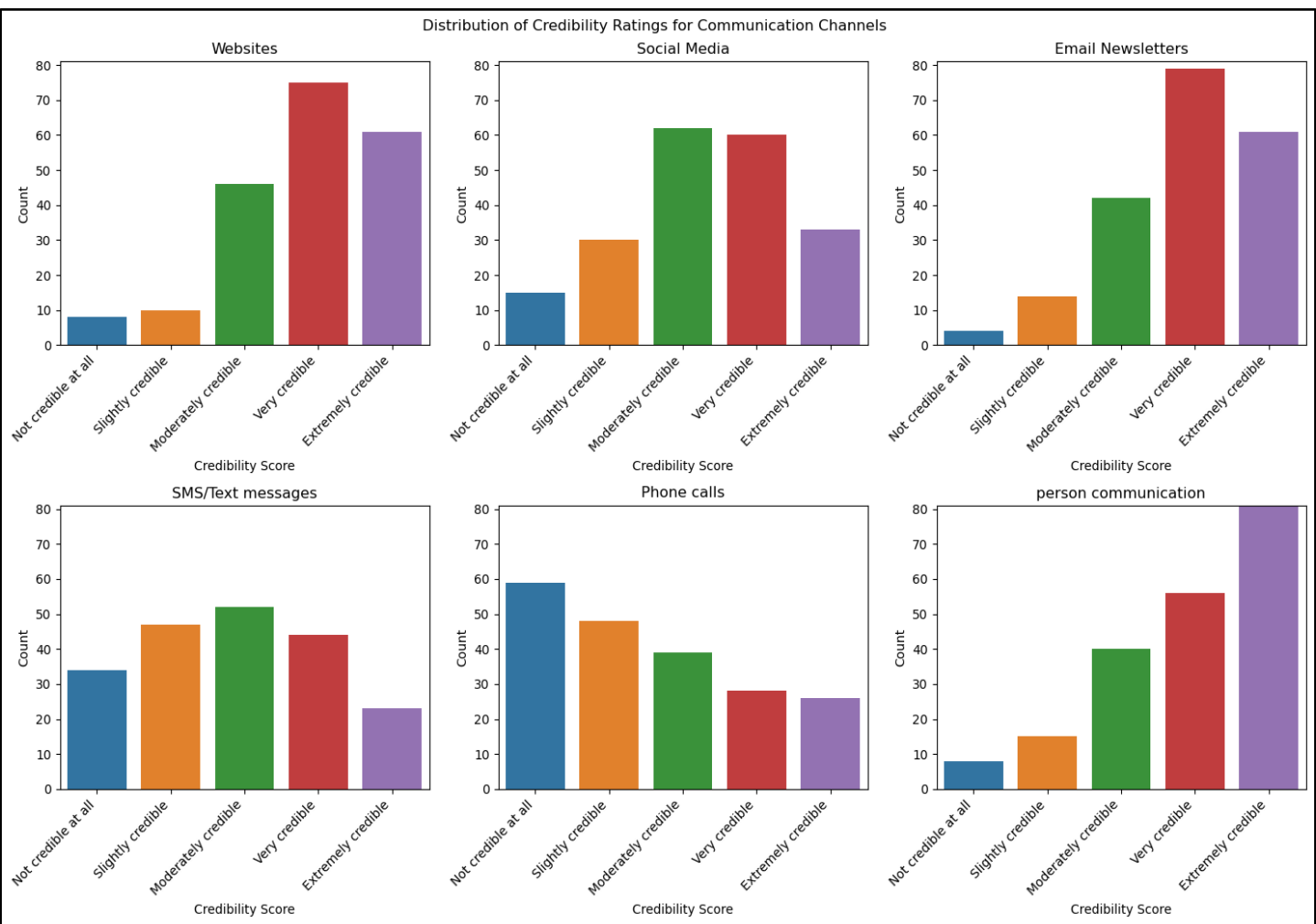
Data Distribution



Sub-questions

- How do demographic factors (e.g., age, education level) influence consumers' methods of finding and assessing information from SMEs?
- How does the perceived credibility of information from SMEs vary across different communication channels (e.g., websites, social media, newsletters)?
- How do customer reviews influence the perceived credibility of SME information?
- How does customers' perceived credibility vary between different industries (e.g., hospitality, pharmaceuticals) in which SMEs operate?
- How does transparency in business operations affect the perceived credibility of SMEs?

Communication Channels



Findings

Demographic Factors:

Preferences shift based on demographic factors. For instance, age plays a role, with younger consumers favouring social media and older consumers preferring email. Gender differences are also evident, as females rely more on reviews and email, while males prefer SMS. Education level further influences behaviour, with highly educated individuals consulting reviews more often.

Communication Channels:

Consumers' trust in SMEs is shaped by website design, social media engagement, customer reviews, and transparency. A professional website and clear, ethical business practices are essential for credibility. Websites and email newsletters are the most trusted information sources, while SMS and phone calls are the least trusted.

Customer Reviews:

Building trust in SMEs relies on transparent engagement and authentic, detailed reviews across platforms. Regularly consulting reviews enhances trust, with consumers valuing the quality and honesty of reviews rather than the high volume. Transparent engagement and meaningful feedback are essential for SMEs to establish credibility.

Industry-Specific Credibility:

Trust in SMEs varies across industries, especially among different age groups. The industry perceived to be the most credible was Cultural / Creative, and the least credible was Finance / Banking. Older consumers are generally more cautious, particularly with technology-focused industries, which they often perceive as less trustworthy. Interestingly, trust perceptions don't differ significantly by gender, as both male and female respondents tend to evaluate SME credibility similarly across industries.

Transparency:

Higher transparency boosts SME trustworthiness, especially among younger consumers and female respondents, who are more likely to verify information. Elements such as clear pricing, ethical practices, and comprehensive product details are essential for building trust. Furthermore, Consumers particularly appreciate transparency in sourcing and production processes, as it demonstrates a commitment to ethical standards and reduces perceived risks associated with hidden practices.

Conclusion

This study highlights the importance of aligning communication strategies with consumer demographics to build trust in SMEs. Demographic factors such as age, gender, and education level shape preferences for communication channels and review usage, emphasizing the need for targeted approaches. Trust is primarily built through professional websites, transparent practices, and genuine customer reviews, which collectively enhance credibility. Industry-specific nuances reveal that trust perceptions vary, with sectors like Cultural / Creative generally viewed as more credible than Finance / Banking. Notably, transparency in sourcing, ethical practices, and product details emerges as a critical factor, especially for younger consumers and women. For SMEs, maintaining openness and adapting communication channels can significantly enhance consumer trust across diverse demographic groups.

Recommendations

Enhance Transparency in Less Trusted Industries:

SMEs in these sectors such as Finance/Banking and Aerospace & Defence should increase transparency by showcasing operational details

Tailor Communication for Different Age Groups:

SMEs should adjust their messaging to address these generational differences since older generations tend to view technology-oriented industries with more skepticism than younger groups.

Focus Future Research on Transparency's Impact on Loyalty:

To develop the statistical reliability and better understand customer values further studies should investigate how transparency affects customer loyalty, using larger and more diverse sample.

Prioritise Trusted Communication Channels:

For trusted information sharing, SMEs should concentrate on online platforms, which convey professionalism and clarity. Although social media may be met with some skepticism, SMEs can improve trust by staying active, engaging with consumers, and promptly addressing feedback on these platforms.

Focus on Quality of Reviews over Quantity:

SMEs should prioritise gathering detailed, authentic feedback rather than simply amassing a large number of reviews. Quality and relevance in reviews are critical in reinforcing consumer trust.