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First Consumer Markets Scoreboard

Accompanying document to the

COMMUNICATION FROM THE COMMISSION

**Monitoring consumer outcomes in the single market: the Consumer Markets
Scoreboard**

{COM(2008) 31 final}

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1. TOP-LEVEL INDICATORS TO SCREEN CONSUMER MARKETS

1.1. Complaints

Data on the number of consumer complaints constitute a key indicator of markets failing to deliver against consumers' expectations. In some Member States, public authorities and other third party organisations (enforcement bodies, consumer NGOs, self-regulatory bodies, etc) collect data on consumer complaints and use them as an indicator of market malfunctioning and subsequent policy action. However, at present, data collection takes place in a non-harmonised manner meaning there are no benchmarks and cross-country comparisons are not possible. In the absence of a more harmonised system, existing data on the number of cross-border complaints collected by the ECC network, evidence from surveys¹ on the numbers of consumers who have made complaints and their satisfaction with complaint handling and possible further action, as well as sector-specific complaints for a number of services of general interest are presented in the Scoreboard. In certain network sectors, the Commission has also proposed requirements on national regulators to collect complaints and this data will be incorporated into the Scoreboard over time. The Commission also collects complaints data in specific areas, for example, in the area of air passenger rights. In order to develop this priority indicator, a consultation document will be published in 2008 seeking the views of all complaint handling bodies in the EU on the way to move towards a more harmonised system of complaint classification. As well as providing a tool for policymakers in the Commission, such a system would provide national stakeholders with a powerful benchmark. Such a system has already been put in place for cross-border complaints by the European Consumer Centres Network.

Difference in consumers' willingness to complain can depend on a variety of factors such as traditions in consumer protection, perceptions of likelihood of success and diverging expectations on the outcome of a complaint. Countries with a longer tradition in consumer policy tend to have a higher level of complaints because consumer protection law and control bodies have been created which have led to a culture of looking after consumers' interests. When comparing across network services², liberalised sectors tend to have higher levels of complaints. The reasons may be wider choice, more complex products as a result of market segmentation, and the facts that mechanisms to deal with consumer complaints have been set up. It is also important to understand the reasons for complaining: bad service, unsafe products, non-respect of consumer legislations, transparency of information, etc.

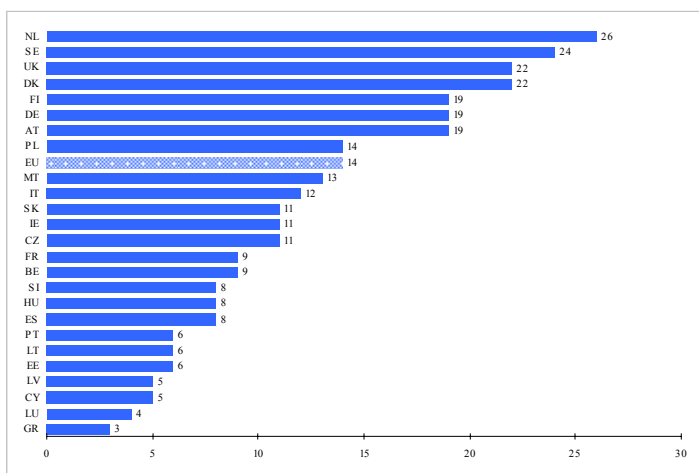
At EU level, 14% of consumers have made a formal complaint to a seller or provider in the last year. Country-level analysis suggests that consumers living in northern Europe are more likely to launch a complaint than other Europeans. A socio-economic analysis of results indicates that citizens with higher education levels tend to be more assertive if they are not satisfied with their purchases and proceed to launch a complaint (21%).

¹ Eurobarometer Surveys are available on the internet at: http://ec.europa.eu/public_opinion/index_en.htm. The fieldwork for Special Eurobarometer Surveys is based on face-to-face interviews, whereas Flash Eurobarometers are conducted by telephone.

² Network services include services of general interest such as electricity, gas and water supply, telecommunications, postal services, transport, banking and insurance.

Figure 1: Percentage of consumers who have made any kind of formal complaint to a seller / provider

QB 24: In the last 12 months, have you made any kind of formal complaint by writing, by telephone or in person, to a seller\ provider?, % of YES (by country)

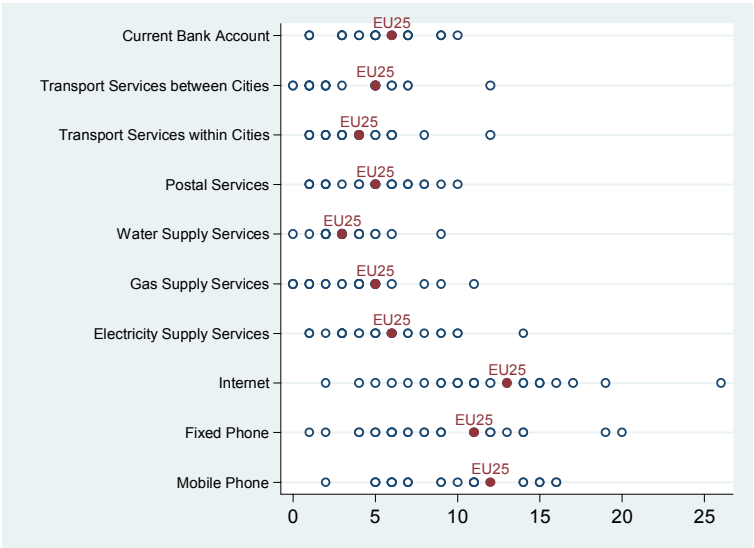


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

Further examination of the number of complaints at sectoral level is important in order to help identify the most problematic sectors at both national and EU level. Looking at the level of consumer complaints concerning network services and other essential services, such as banking, it seems that for most services this is around half (6%) of the usual complaint level for the whole economy (14%). However, for telephone services and internet, the complaint level is twice as high (11%-14%) as for the other six essential services and in line with the whole economy average. The performance of the telecom sector should be seen in light of the level of liberalisation of the sector. Liberalised sectors tend to achieve a higher level of complaints because there is wider choice, products are more complex as a result of market segmentation, consumers are more demanding, and ad hoc instruments have been set up to deal with consumer complaints.

Figure 2: Percentage of consumers who have made a formal complaint relating to network Services, overview table

QB12: In the last two years, have you personally made a complaint about any aspect of...? (% responding yes)



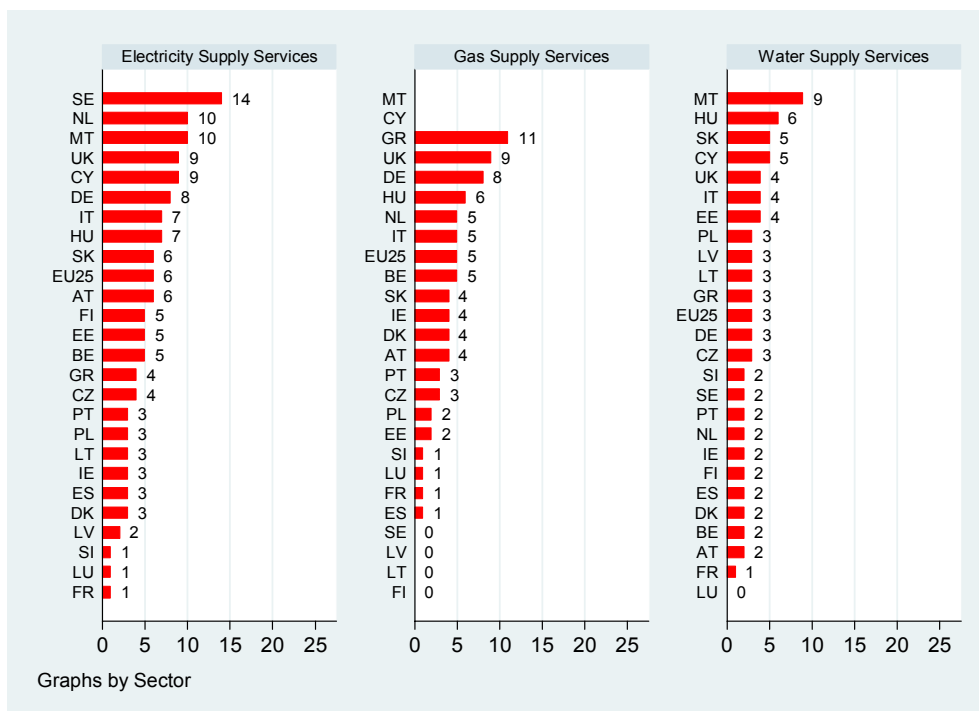
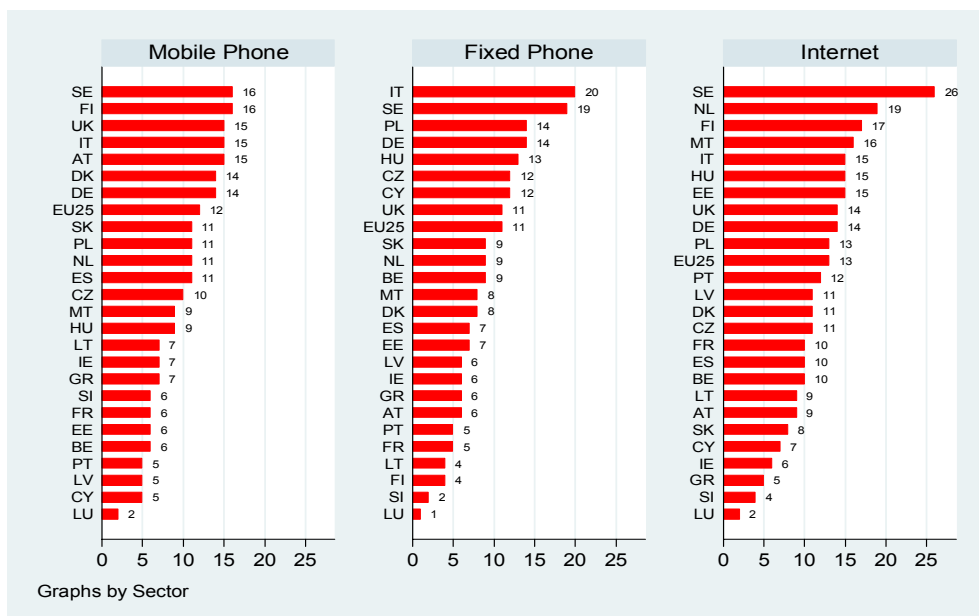
Source: Special Eurobarometer 260 – Services of general interest, 2007

Note: the points represent the individual Member States and show variations between Member States and against the EU average. One point can represent several Member States with similar percentages.

It is important to note that there are considerable country variations in results. For illustrative purposes Figure 3 shows that the EU figures for communications are double those of the other services, which, reflects at least in part, the higher level of competition in these markets. There are considerable variations between countries and for different service sectors. For example, in the case of electricity supply, Swedish (14%) and Dutch (10%) consumers are the most likely to complain whereas in the case of water supply Swedish (2%) and Dutch (2%) consumers are among the least likely to complain.

Figure 3: Percentage of consumers who have made a formal complaint relating to network services, tables by sector

QB12: In the last two years, have you personally made a complaint about any aspect of...?



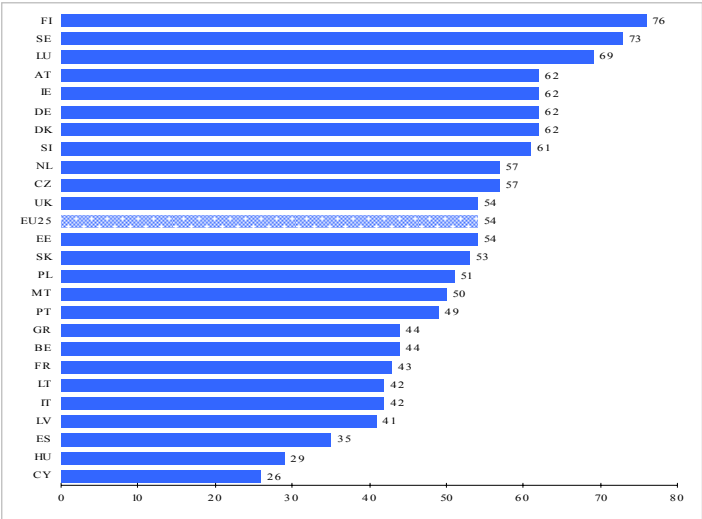
Source: Special Eurobarometer 260 – Services of general interest, 2007

The overall complaint figures may not give a complete picture of consumers' satisfaction/dissatisfaction with some services since evidence from qualitative focus group studies indicates that many dissatisfied consumers often refrain from launching a complaint because they think such action will require too much time or will cause distress to them and will lead them to being dissatisfied with the handling of their complaint.

Therefore, the level of complaints should also be examined in parallel with the quality of complaint handling. Across the EU it appears that in Member States where complaint levels were the highest (Figures 1 & 3), consumers' satisfaction about the handling of their complaints was also the highest (Figures 4 & 6). There is therefore a link between the ability to handle complaints satisfactorily and the willingness of consumers to complain.

Figure 4: Satisfaction with complaint handling

QB. 25: In general, were you satisfied or not with the way your complaint(s) was (were) dealt with by the seller\ provider?% of YES (by country)

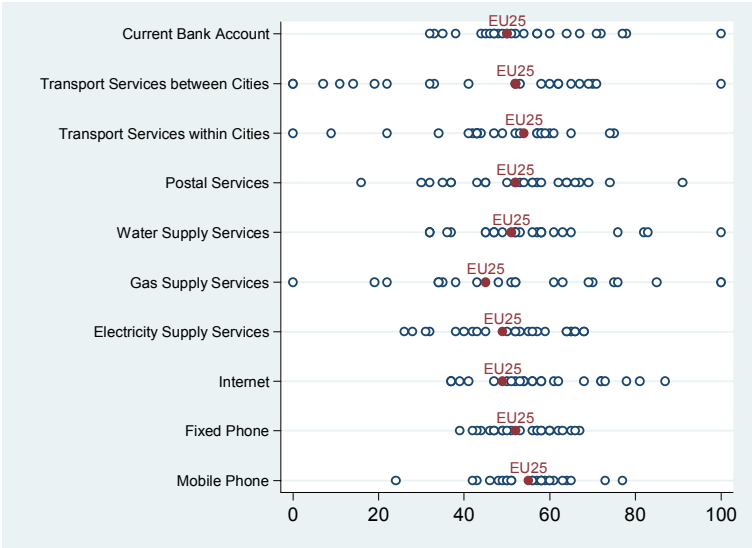


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

Results from opinion polls indicate that consumers do not expect that their complaints are, in many cases, likely to be handled well. At EU level complaints were handled well in only 56% of cases relating to mobile telephony and electricity and in only 39% of cases involving local transport. Bad handling of complaints ranges from 42% for mobile telephony to 52% for supply of gas services. Owing to the low complaint rate in most countries, a reliable analysis at country level cannot at this stage be carried out.

Figure 5: Satisfaction with complaint handling relating to network services, overview table

QB13: How well was your complaint dealt with? (% saying 'well' as opposed to badly)

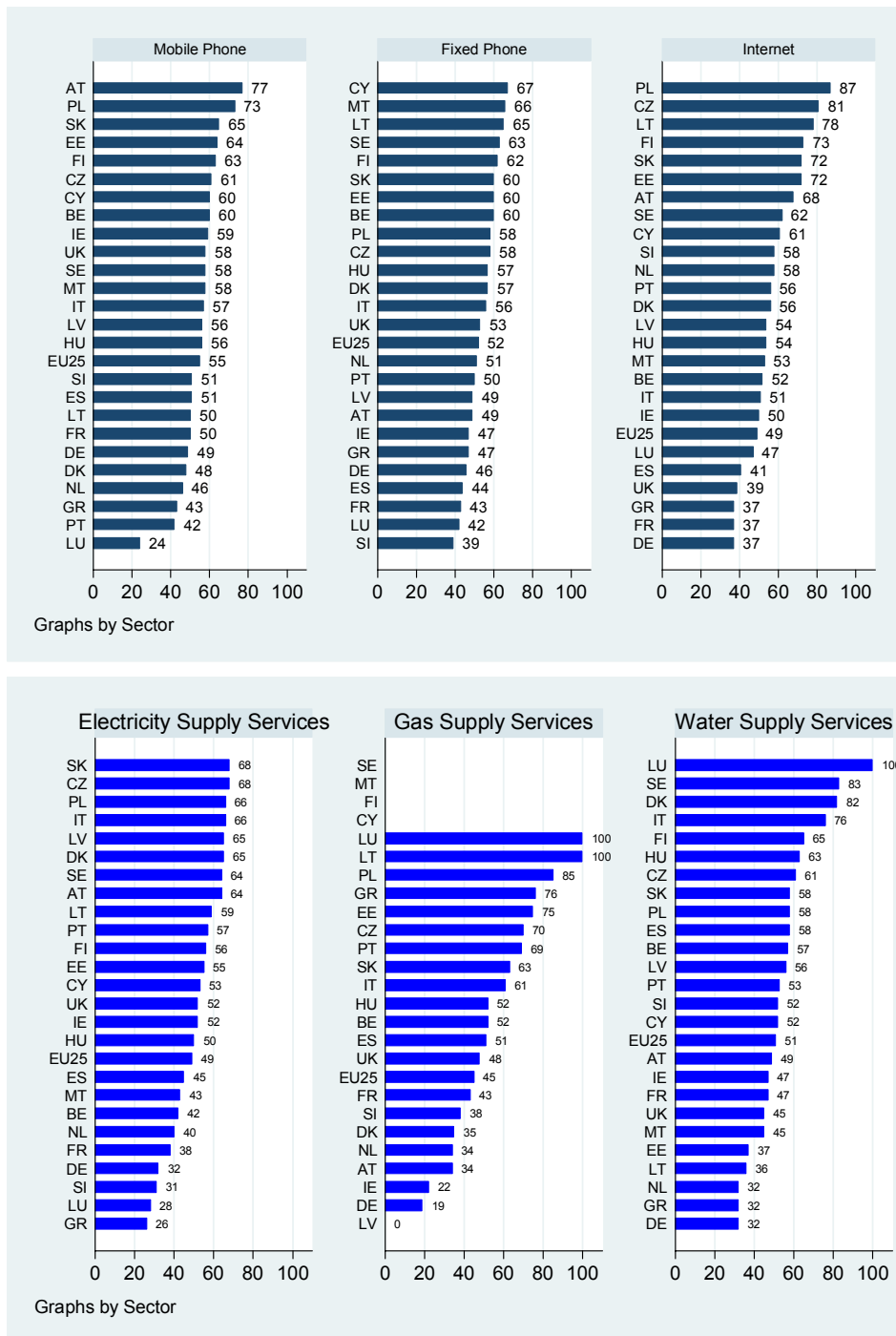


Source: Special Eurobarometer 260 – Services of general interest, 2007

Note: the points represent the individual Member States and show variations between Member States and against the EU average. One point can represent several Member States with similar percentages.

Figure 6: Satisfaction with complaint handling relating to network services, tables by sector

QB13: How well was your complaint dealt with? (% saying 'well' as opposed to badly)

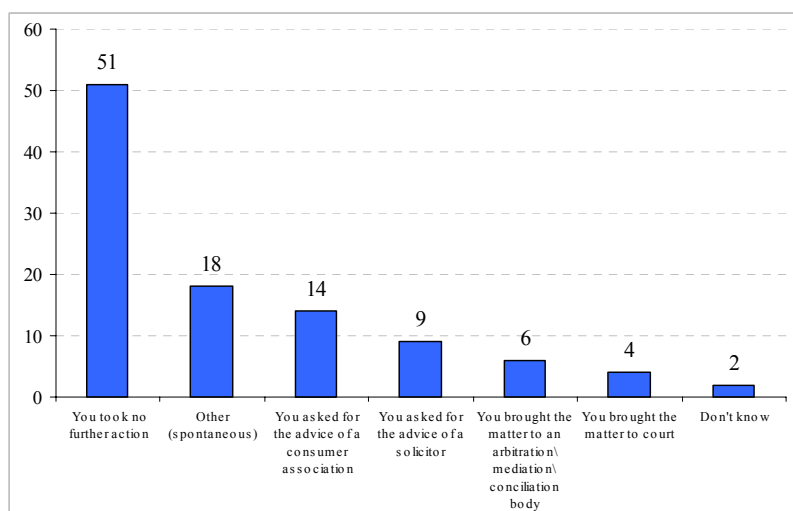


Source: Special Eurobarometer 260 – Services of general interest, 2007

In cases where their complaint was not dealt with satisfactorily, it is striking that the majority of consumers did not take any further action. Of those that took action, most chose to seek advice from a consumer organisation. This shows the importance of consumer organisations in the modern marketplace. Active and efficient organisations helping consumers can exert significant pressure on businesses with the aim of forcing them to offer a better service.

Figure 7: Percentage of consumers who took further action if they felt their complaint was not handled in a satisfactory manner

QB26 What did you do when your complaint(s) was (were) not dealt with in a satisfactory manner?



Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

1.2. Prices

Price levels are of great concern to consumers. It is therefore important to monitor the price levels of different products and how they evolve. Higher prices can be due to differences in demand or cost structure. Price levels can also signal a less efficient market from the point of view of consumers due to the regulatory framework or the competitive environment. It is therefore important to examine this indicator in conjunction with the other indicators to understand the source of different price levels. Price differences across the EU are also an important indicator on how well the internal market functions at retail level. In some cases, e.g. cars as shown in Figure 8, the publication of average prices can have an effect on the level of price divergence in the EU.

As not all prices can be monitored, there is a need to monitor the prices of a considerable number of comparable products that are more widely representative of the functioning of particular markets. The prices of products that are used as reference prices by consumers and market operators will be particularly important. The key to the development of such a data set is the re-use of price data collected for measuring inflation (Harmonised Index of Consumer Prices) and purchasing power parity (PPP). Further work is being undertaken with national statistical agencies to develop these data and to see if adaptation to existing statistical regulation is required. The need for such work has been identified in the Single Market Review³.

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on 'A single market for 21st century Europe' - COM(2007) 724, 20.11.2007.

The establishment of average prices for a range of representative products across all consumer markets will also provide a basis to indicate where abnormal price divergence may exist and therefore where there may be an underlying market malfunctioning or a lack of integration of markets. Anecdotal evidence of unexplained price differences does exist. The impact of purchasing power parity on price differences, the normal variation present within a market and the extent to which the product is genuinely tradable across the internal market will all need to be taken into account in the analysis of the price differences. An overall coefficient of variation for all products will identify products with extreme variations which may or may not be explained without reference to market functioning. Data on average prices by Member States will help to identify where national markets may not be working.

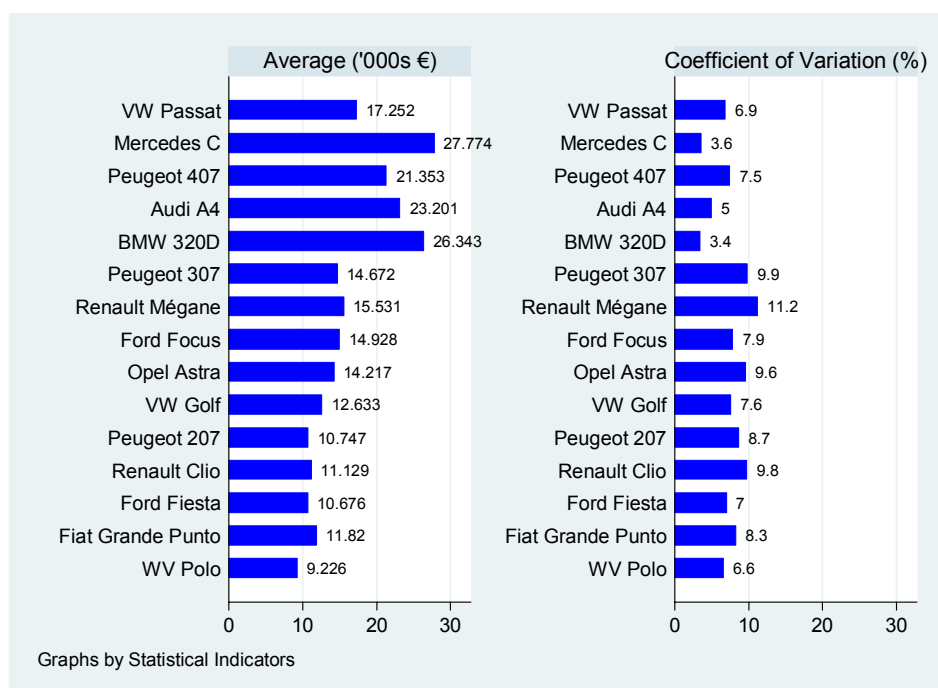
Data on price levels and differences will be analysed in conjunction with other data on switching, the use of e-commerce or the level of cross-border trade of tradable goods in a particular sector in order to understand the impact of competition, the internet and cross-border shopping on pricing.

At present comparable average price data are almost entirely absent with some limited exceptions (cars, electricity, gas, petrol, fixed and mobile telephony). The data on car prices constitute a good example of the kind of data that would ideally be available for all sectors in due course. In the annex on retail financial services to the Communication on the Single Market for the 21st Century Europe, the Commission has committed to developing a scoreboard for prices of car insurance premiums.

Car prices

Figure 8 presents an initial analysis of pre-tax car prices, according to model. The coefficient of variation across the EU (the standard deviation over the average price) gives an indicator of the degree of variation between the Member States, broken down by model. Prices vary considerably between Member States. Turned into absolute figures, the differences run into hundreds and, in some cases, even thousands of Euros. In interpreting the figures, the impact of taxation should be taken into account. Country data would be worthy of further analysis. It would also be useful to analyse the effect of different distribution arrangements on final prices.

Figure 8: Prices of cars – coefficient of variation, in % of the average



Source: Car prices within the European Union, European Commission, DG COMP, May 2007

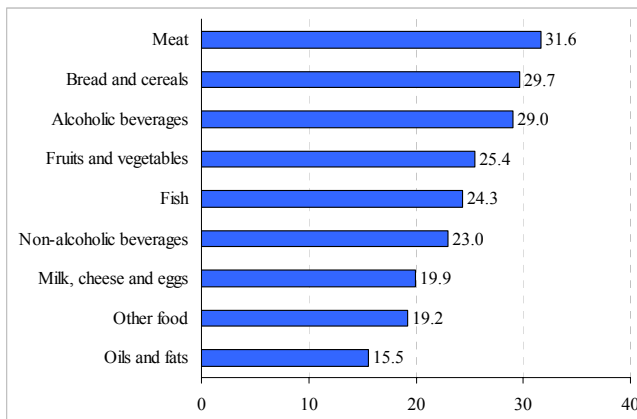
Food prices

Given the importance of food expenditure in household budgets, monitoring of food prices is important. At present there are no data on average prices for comparable products. ESTAT aggregates data in indices of food groups. The indices therefore are not truly comparable as they reflect different consumption patterns. The data do nevertheless give an indication of considerable differences. Further work is needed to explain to what extent these data are a reflection of purchasing power differences or whether other factors are in play.

For illustrative purposes two figures are shown. Figure 9 shows again the coefficient of variation between the different products. Figure 10 shows the country differentiation for one of the sub-indices (for food and cereals), revealing the very high price differentiation that exists in this sector (100 is the EU average). Similar differentiation exists for the other indices. In general, food prices are much lower for the new Member States than for the EU15. Among the countries where food prices are the highest we find: Denmark, Finland, Sweden, Austria, Ireland and Luxembourg.

But for some particular food products purchasing power less apparent in explaining the differences. For fish this is the case in Cyprus, Belgium, Italy, Germany and the Netherlands where prices are relatively high. For milk and cheese as for oils and fats Cyprus, Greece and Italy are in the group of the most expensive countries. On the contrary, for fruit Greece is among the cheapest countries and for oils this is the case for Germany and the Netherlands.

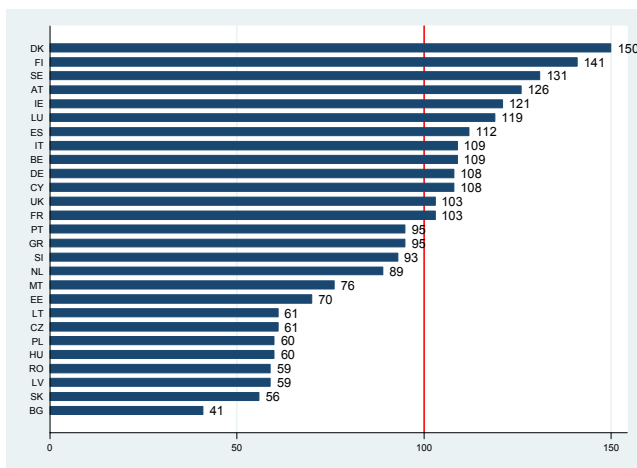
Figure 9: Prices of food & beverages – coefficient of variation, in % of the average



Source: Statistics in Focus, Economy and Finance, N°90/2007

Figure 10: Prices of Food and Beverages – Price indices for 2006, EU-27 average =100

Bread and Cereals

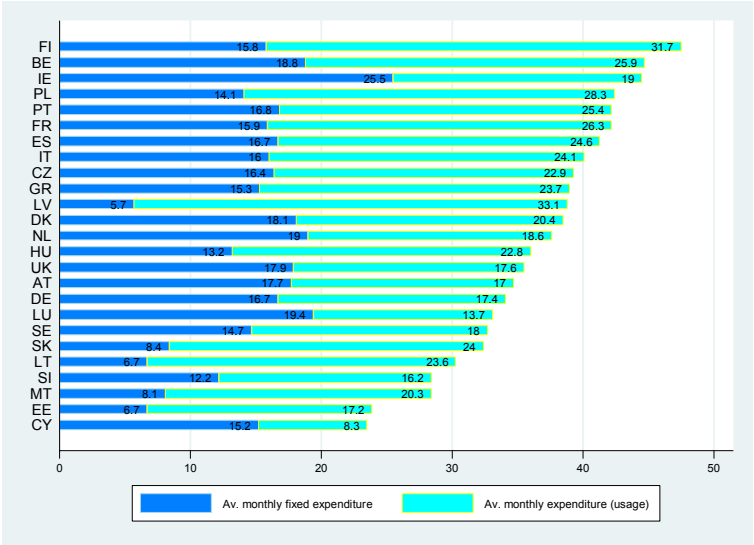


Source: Statistics in Focus, Economy and Finance, N°90/2007

Fixed telephony charges

Relatively good price data exists for various aspects of telephony. The profiles in respect of expenditure and offers on the market are however changing rapidly due to the increasing level of competition resulting from the substitution of fixed telephone by mobile phones and the development of broadband access packages including voice over Internet telephony (VoIP), allowing much cheaper rates. The average monthly cost of a standard basket of services including both fixed and variable charges gives the best picture of differentiation. While in general, cheaper costs are found in the new Member States, there are exceptions in Poland and the Czech Republic.

Figure 11: Prices of telecommunications, Average monthly expenditure, fixed and standard usage for a fixed basket of services (in €)



Source: European Electronic Communication Regulation and Markets, European Commission, DG INFSO, 2006

Electricity, Gas and Petrol

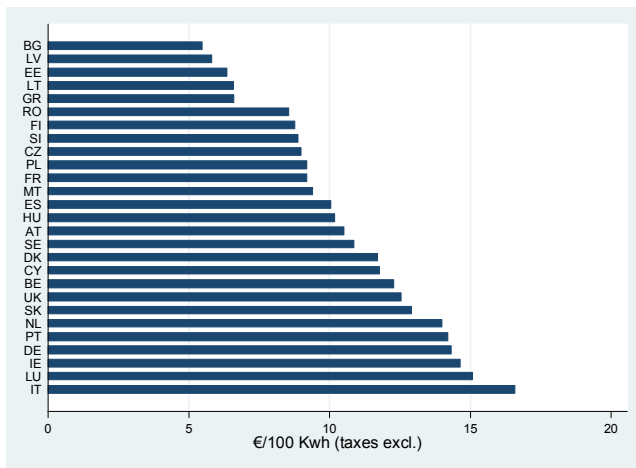
The considerable differences in energy prices observable at household level confirm the high degree of fragmentation of these markets in the EU. Energy retail prices may also differ because of a lack of competition on the wholesale market, with effects rolling down onto the retail market. Pre-tax prices of electricity reveal a very high degree of differentiation (for the most expensive country – Italy they are more than three times higher than for the cheapest one – Bulgaria). A pattern of lower prices in the new Member States (except Slovakia) is visible. The group of countries where the prices of electricity are the highest comprises Italy, Luxembourg, Ireland, Germany, Portugal, and the Netherlands.

The degree of differentiation of the pre-tax prices of gas is similar (prices in Sweden are around three times higher than in Estonia). Again, prices in new Member States are lower than in EU-15.

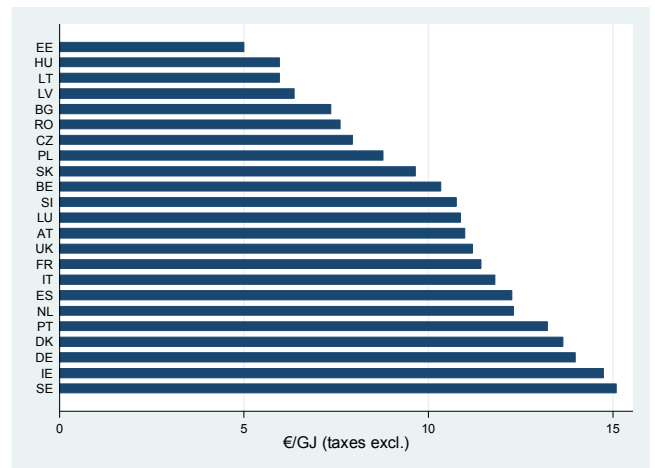
Petrol is twice as expensive in the Netherlands as in Latvia, perhaps reflecting the greater tradability of petrol, with the same phenomenon of lower prices in new Member States also visible.

Figure 12: Prices of Electricity, Gas and Petrol

Electricity – 2007

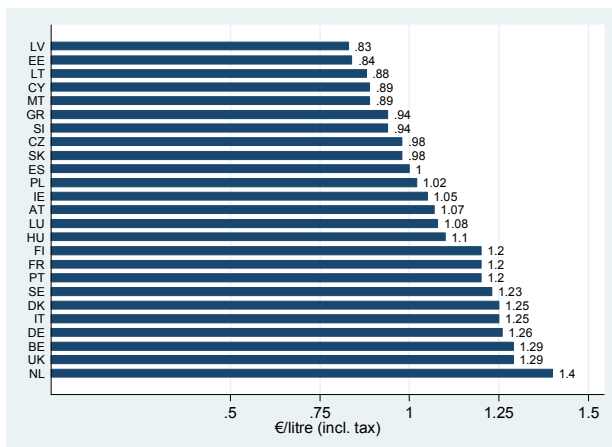


Gas – 2007



Note: Data for CY, GR, MT and FI are not available.

Petrol – Premium unleaded gasoline - 2005



Note: Data for BG and RO are not available.

Sources: Statistics in Focus, Environment and Energy, N°78/2007 & N°80/

Bank account management fees

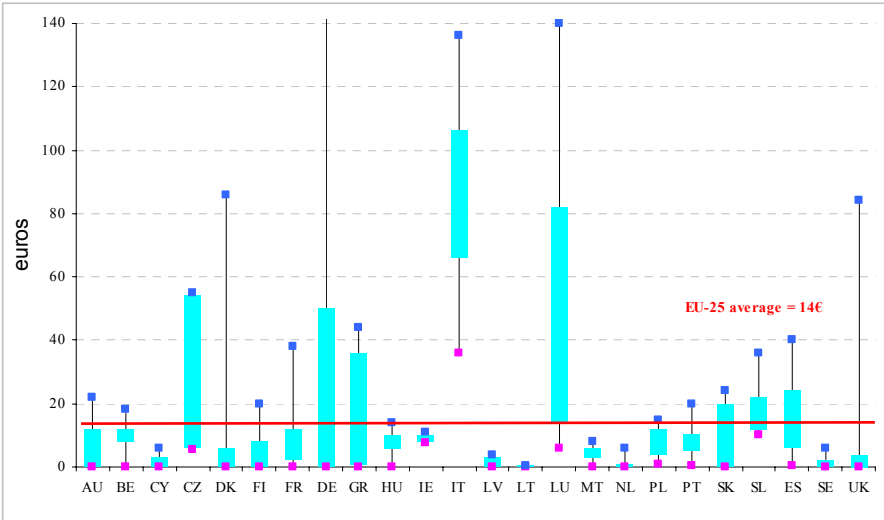
Account management fees are the fixed fees that banks charge for the maintenance of a current account, irrespective of the financial balance or transaction volumes. The Commission's sector inquiry into financial services calculated estimates of these fees by dividing the total income reported by banks for current account management by the total number of current accounts.

Figure 13 shows for each Member State the highest and lowest annual revenues per customer for account management fees. The figure also show the 25th and 75th percentiles, with the bar showing the degree of heterogeneity of prices for 50% of the sample. The EU-25 weighted average (approximately 14€) is also reported for reference.

The income data reported by the banks indicate that the level of account management fees varies significantly across Member States: the figures appear particularly high in some countries⁴ (40€ in Germany and 90€ in Italy), whereas in several Member States (Cyprus, Denmark, Latvia, Lithuania, Netherlands, Sweden) average fees are lower than 2,5€.

In relation to price variability, the pricing strategies of banks surveyed vary both within and across the Member States. Four countries (Czech Republic, Germany, Italy and Luxembourg) show high variability of annual fees earned by the surveyed banks for current account management.

Figure 13: Income on account management fees' variability, EU-25



Source: Commission services retail banking sector inquiry, 2005-2006

1.3. Satisfaction

Consumer satisfaction is another important indicator for understanding how well markets are delivering for consumers. If consumers are not satisfied, this constitutes a challenge for the functioning of the internal market as well as for economic operators. Certain vital aspects of market function such as quality, choice, transparency, and after-sales service can be difficult to measure, in particular for service sectors Consumers' perception is a good way of monitoring these outcomes.

Using well-established consumer satisfaction measuring techniques, a robust methodology has been developed to provide a composite index of consumer satisfaction. As well as asking consumers directly about their satisfaction, a composite index combines perceptions of several areas that make up satisfaction and correlates them with expectations. The satisfaction work also has the advantage of covering the views of all consumers, not only those who have complained. There is a real challenge in correlating satisfaction results with expectations of consumers in order to identify differences that are culturally based. The existing data show that expectations differ between countries and sectors, so satisfaction data should be interpreted in conjunction with other indicators. Initially results seem to imply that

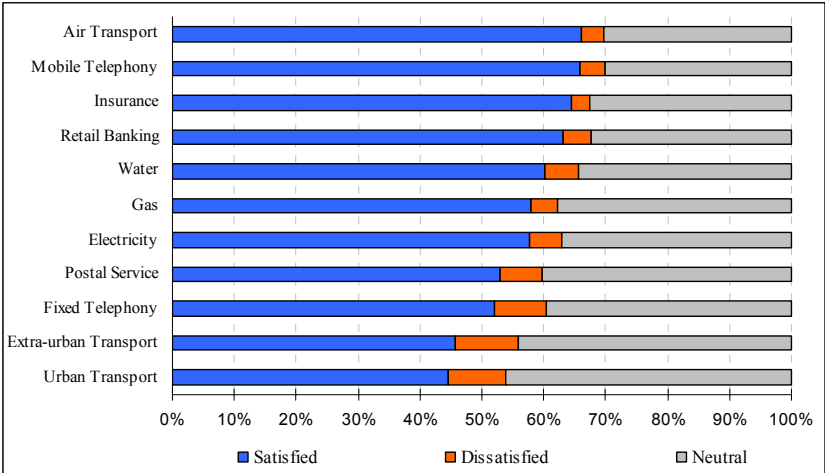
⁴ In these countries, annual fees for account management generally include a packet of free of charge services.

satisfaction levels in the surveyed markets are relatively high. There are however large variations in satisfaction both across sectors and across countries.

A consumer satisfaction survey was held in 2006 in the then 25 Member States and covered the following 11 network services : gas supply, electricity supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking, insurance services. The survey will be extended to cover additional sectors.

Figure 14: Overall satisfaction/dissatisfaction rates related to network services

Question: Overall, to what extent are you satisfied with your ... supplier?

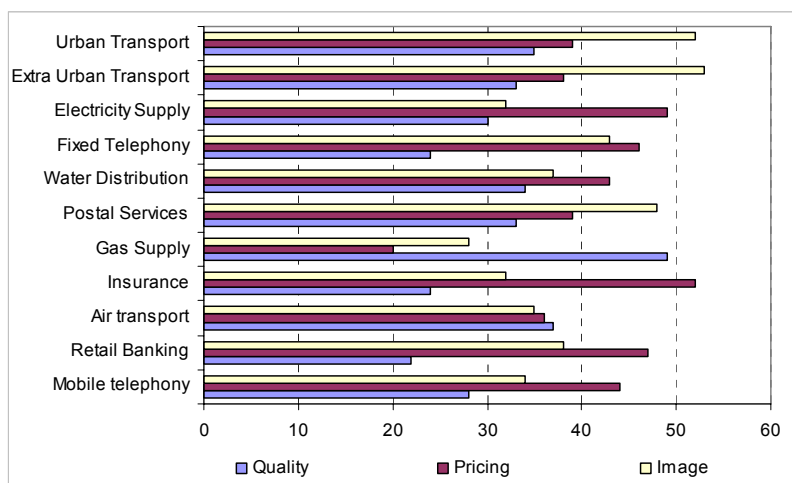


Source: IPSOS Consumer Satisfaction Survey, 2007

Air transport, mobile telephony and insurance show the highest satisfaction levels, while urban and extra-urban transport and fixed telephony seem to be facing more challenges in satisfying consumers.

It is also important to understand the influence underlying factors (image, pricing and quality) have in terms of overall consumer satisfaction. If consumers say that they are dissatisfied with the pricing of a service or product, the quality might still be more important to them. Therefore lowering the price will not have as great an effect on overall satisfaction as improving the quality.

Figure 15: Relative importance of quality, pricing and image in consumers' overall satisfaction



Source: IPSOS Consumer Satisfaction Survey, 2007

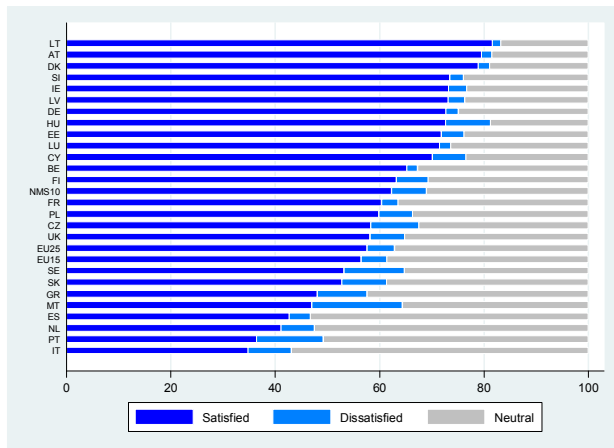
Note: These weightings can have a value ranging from 0-1; with 0 meaning that the criterion has no influence on overall satisfaction and 1 meaning that the criterion has a major influence on overall satisfaction.

The most important criterion influencing consumers' overall satisfaction is pricing. In the provision of 6 of the 11 services pricing is the most important factor. This is however not the case for postal services or for urban and extra-urban transport, where image is the most important criterion. The only two sectors where quality overrides image and pricing in terms of importance are gas supply and air transport – both sectors where safety is an important factor. The importance given to different dimensions is based on current levels of price, quality and image. If essential services become significantly more expensive, price is likely to acquire a higher importance. Figure 16 gives examples of sector analysis showing the percentage of satisfied and dissatisfied consumers per country, according to the responses to the sector-relevant questions asked in the survey. Together with the other data in the scoreboard this will be useful in terms of identifying markets for further analysis.

Figure 16: Satisfaction/dissatisfaction rates related to network services, per sector

Question: Overall, to what extent are you satisfied with your ... supplier?

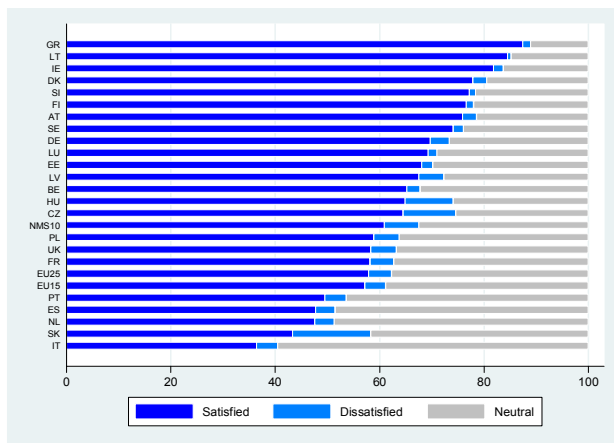
*Consumers' satisfaction with the market for **electricity***



Source: IPSOS Consumer Satisfaction Survey, 2007

There is considerable variation in the satisfaction levels in this sector ranging from 82% in Lithuania to 35% in Italy. The dissatisfaction levels are also quite varied – ranging from less than 2% in Lithuania to more than 17% in Malta. In terms of what has the greatest influence on consumers' overall satisfaction in this sector, pricing stands out as the most important factor.

*Consumers' satisfaction with the market for **gas***



Source: IPSOS Consumer Satisfaction Survey, 2007

In the gas sector there is considerable variation in the satisfaction levels ranging from 87% in Greece to 36% in Italy. The dissatisfaction levels are varied – ranging from less than 1% in Lithuania to 15% in Slovenia. In terms of what has the greatest influence on consumers' overall satisfaction in this sector, quality currently stands out as the most important factor.

Overall, more consumers are generally satisfied with the provision of the services than dissatisfied. However, for all these sectors, there are major differences in the percentage of satisfied consumers, for example: from just over one-third of consumers in Italy are satisfied with their gas provider compared to almost 90% of consumers in Greece, (which also reflects the fact that the Greek gas market is in its infancy).

There are also clear patterns of countries where satisfaction and dissatisfaction levels are consistently higher or lower for most sectors. These differences need to be correlated with other data such as complaints, cultural differences and expectations etc. in order to reveal which countries' consumers are experiencing the biggest problems. For sectors, the same applies in terms of the correlating data on expectations, complaints etc.

1.4. Switching

The previous sections have looked at prices and measures of satisfaction and complaints which indirectly examine the quality of some of the main services provided to European consumers. Switching incorporates price, choice and quality considerations, while also conveying information on consumers' attitudes and behaviours.

In a frictionless market, with perfect information and perfectly rational agents, switching would allow demand to shift across services or products so as to drive prices downwards and quality upwards. This is not always the case. Markets are characterised by barriers which may be contractual, information-based or behavioural. Moreover, there is increasing evidence from experimental economics showing that individuals do not always act in their own best interest in a given market. Therefore, though *choice* may exist, consumers may not take full advantage of it, and often refrain from purchasing substitute goods or services, according to their relative economic convenience. "*Sticky behaviour*" is therefore as much a characteristic of the demand side as the existence of *sticky prices*. Both features contribute to limiting the degree of competition in a market and, as a result, operate to the detriment of consumers and the overall efficiency of the EU economy.

Data on switching attitudes exist through surveys on EU-level for a limited number of network services and in certain Member States. Information relates to the percentage of consumers who have actually switched providers, who tried to switch providers but gave up, and who did not try to switch providers. The existing switching data present an intriguing picture. Despite a relatively harmonised regulatory framework in the sectors surveyed, the number of consumers who switched and found it easy varies considerably. Member States and sectors where the number of consumers who found switching difficult, gave up or were put off, exceeds those who did switch easily are a cause for concern. Switching data are therefore very important as they may signal the presence of significant barriers, even when consumers would have affordable and easily-achievable options. The existence of several competitors within a market does not guarantee, *per se*, a competitive environment if barriers exist that cause the full cost of switching to eliminate the potential benefit. This explains the centrality of this indicator.

The data presented should ideally be further complemented by evidence on switching costs, switching periods and the existence of tools to facilitate switching (e.g. switching websites, 'price calculators'). Future work will concentrate on extending indicators to other key services and examining also switching costs and perceptions of the ease of switching. The Commission will also investigate the relationship between price divergences and switching behaviour and costs. Finally, these data should be analysed in conjunction with supply-side data, looking especially at the level of competition and market share.

Switching fixed phone and mobile phone

According to Figure 17, between 6 and 22 percent of European consumers, across EU25 countries, faced difficulties in switching fixed phone provider (the lowest rate in Luxembourg, the highest in Estonia). The experience of those who switched varied widely across countries: 50 percent of respondents found it difficult in Cyprus and Sweden, while fixed phone users in Finland, Luxembourg, Malta and the Netherlands experienced no difficulty in changing provider.

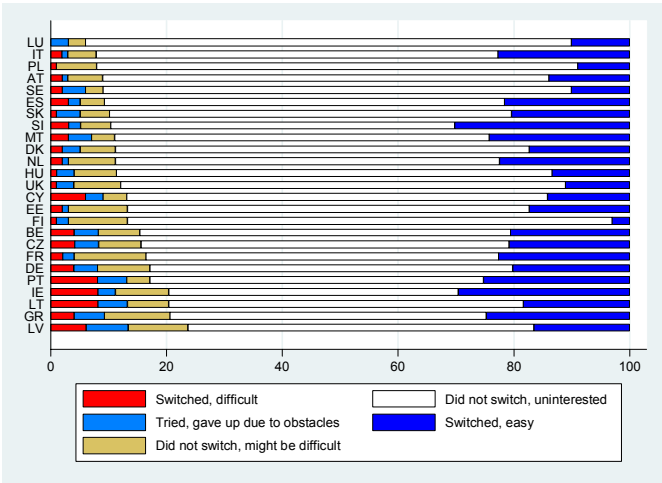
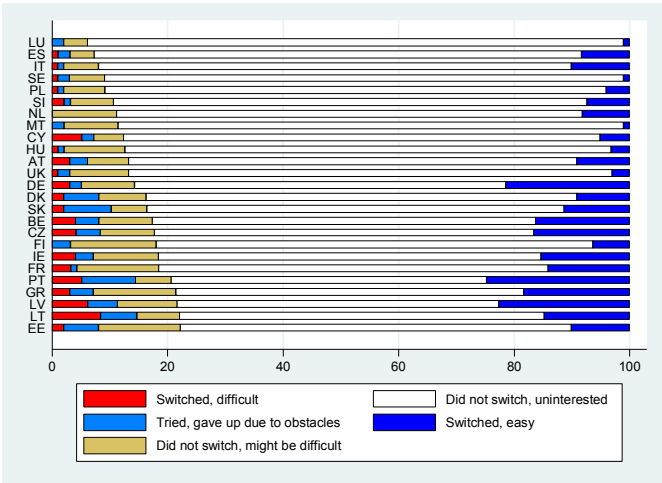
With regard to the mobile phone market, the most significant difference, as compared with switching rates for fixed phone, is the higher proportion of those who switched and found it easy (30% in Slovenia and Ireland). The proportion of customers who found switching difficult, or indeed did not switch because they expected it to be difficult, is similar to that for fixed phone (from 6% in Luxembourg to 23% in Estonia). Overall, mobile telephony seems to be both more dynamic and better at letting consumers switch than fixed telephony.

Figure 17: Consumers' attitudes towards switching providers, fixed and mobile telephony

QB10: Have you tried\ thought about switching your ... provider in the last two years?

Fixed telephone

Mobile telephone



Source: Special Eurobarometer 260 – Services of General Interest, 2007

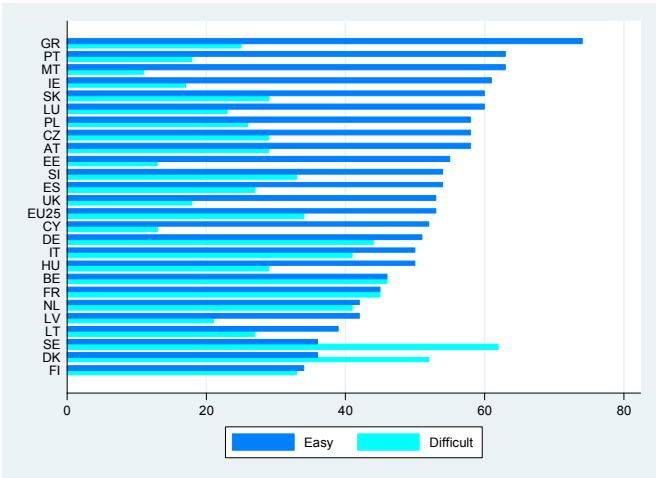
Figure 18 shows the degree to which consumers are able to compare offers from mobile and fixed telephone providers. In each case, a significant percentage of consumers encountered real problems in comparing offers. These figures may go some way to explaining why many consumers have not even tried to switch providers. Easy comparison between different offers is essential to effective competition.

Figure 18: Comparison of offers, fixed and mobile telephony

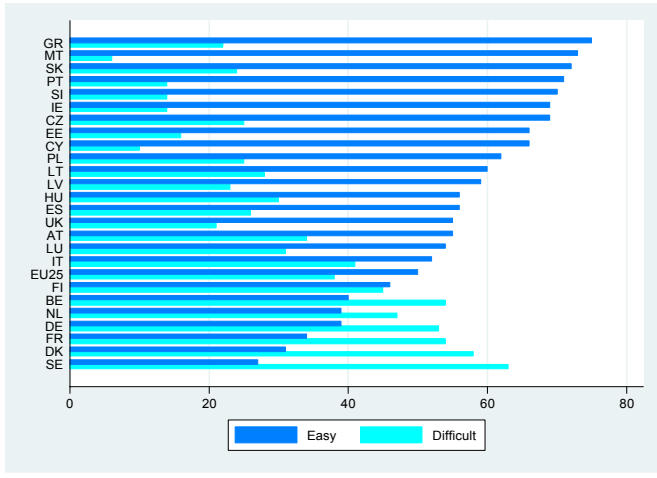
QB9: In general how easy do you find it to compare offers from...?

(in percentages – the remainder is 'don't know')

Fixed telephone



Mobile telephone



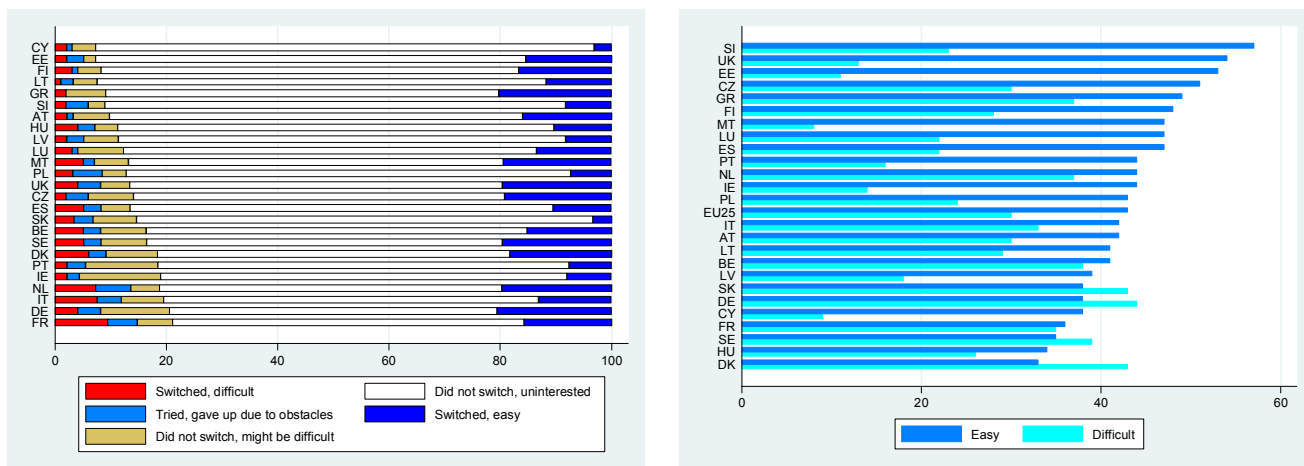
Source: Special Eurobarometer 260 – Services of General Interest, 2007

Switching Internet provider

The newest connection equipment offered by internet providers is very user-friendly and so should facilitate switching. However, Figure 19 shows that consumers are not very willing to switch internet providers. Moreover, it is striking that some of the highest rates for problems in switching are found in Member States where internet penetration is relatively high (FR, DE, IT, NL). Other issues to be monitored in the future are transparency of pricing and contract lengths, as well as the difference between advertised and actual connection speed. Figure 19 also shows difficulties consumers have when comparing offers from internet providers.

Figure 19: Consumers' attitudes towards switching providers & comparison of offers, internet

QB10: Have you tried\ thought about switching your ... provider in the last two years? ... QB9: In general how easy do you find it to compare offers from internet providers?



Source: Special Eurobarometer 260 – Services of General Interest, 2007

Switching bank current account

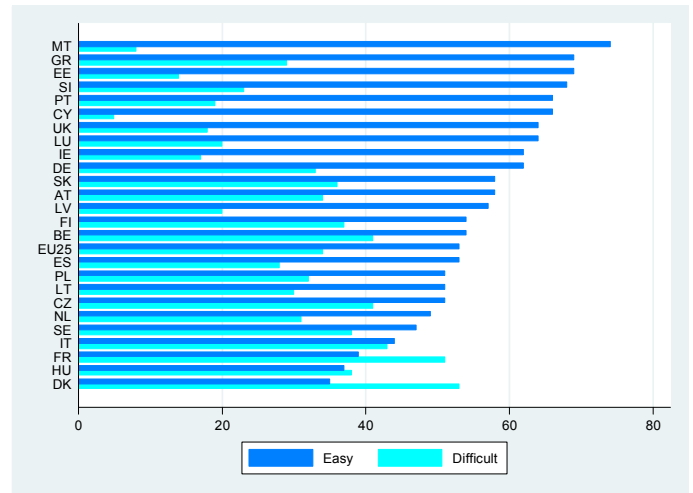
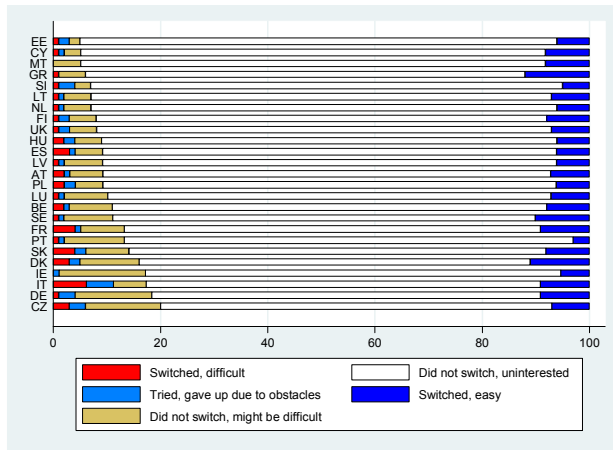
The total of European consumers who because of problems did not switch their bank account or found it difficult to switch ranges from 6% for Estonia to 20% for the Czech Republic. The proportion of the customers who easily switched their bank account is relatively low (the highest – 12% - was noted for Greece). Figure 19 shows that a relatively high proportion of consumers are not planning to switch their bank account (between 72% in Germany and 89% in Estonia). Various factors may be at play: it may be that consumers are not fully aware of alternative products and tend not to look for better deals; it may also be the consequence of new strategies aimed at promoting customers' loyalty, customising services and increasingly providing to them with a number of different and complementary services (credit, payment cards, supplementary pensions, insurance). The question remains whether there is enough understandable information on the market, and whether the loyalty-enhancing strategies provide advantages to consumers or are more targeted at limiting switching and thereby softening competition.

Figure 20: Consumers' attitudes towards switching providers & comparison of offers, banking

(in percentages – the remainder is 'don't know')

QB10: Have you tried\ thought about switching your ... provider in the last two years?

QB9: In general how easy do you find it to compare offers from banks?

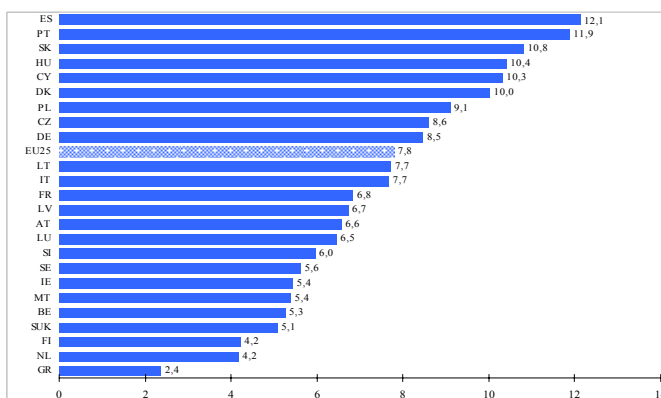


Source: Special Eurobarometer 260 – Services of General Interest, 2007

While Figures 17 to 20 relate to consumers' perceptions and intentions, Figure 21 presents actual figures for customer turnover (churn). Churn - from the English *change* and *turn* – is a measure of switching in the banking sector (new plus closed bank accounts) over the total number of bank accounts, within a specific period. The turnover figures reveal significant differentiation by country. The highest rate was found in Spain (12,1%) and the lowest in Greece (2,4%). The proportion of turnover is considerably higher in the new Member States (and in the Mediterranean region) than in the EU-15.

Figure 21: Churn rates (a measure of switching rates for banking services)

(in percentages)



Source: Report on the retail banking sector enquiry, Commission Staff Working Document, Sec 2007/106

Switching intentions

The survey into consumer satisfaction shows that a majority of consumers will continue to use the same supplier in the near future. Air transport is the sector for which consumers find it most easy to change to another supplier; for water, gas and electricity supply as well as postal services and urban transport, switching providers is difficult (Figure 22).

Figure 22: Consumer intentions towards switching suppliers

Service	This year I will still use this supplier	It is easy to change supplier
Fixed Telephony	77%	67%
Mobile Telephony	84%	78%
Retail Banking	90%	80%
Electricity Supply	85%	54%
Gas Supply	87%	42%
Water Distribution	91%	8%
Urban Transport	89%	32%
Extra-Urban Transport	88%	48%
Air Transport	76%	87%
Postal Services	94%	51%
Insurance	87%	77%

Source: IPSOS Consumer Satisfaction Survey, 2007

1.5. Safety

Inadequate data exist with respect to injuries and accidents and the products that are responsible for them. Comprehensive data on the safety of services is largely missing and needs to be collected. To make safety assessments meaningful, data for all Member States should be incorporated to allow EU-level assessment. Member States should use the same classification and record injuries and accidents on a comparable basis. Currently, such data only exists for some specific sectors, for example the transport sector, with ongoing work by the Commission and the agencies dedicated to transport safety.

Further work will focus on: improving the EU Injury Database; encouraging further studies in the area of data collection systems on accidents and injuries; encouraging Member States in providing comprehensive information on the way their market surveillance systems/customs are organised; and on paving the way to harmonised data collections systems on accidents and injuries through implementation of the Commission proposal for a Regulation on statistics on public health and health and safety at work (including in the area of consumer product).

Figures 23 and 24 give an indication of the products that are responsible for accidents and injuries in 12 Member States. Figure 23 deals with all injuries; Figure 24 deals only with home and leisure accidents. The 'all injuries' product classification is based on the 'International Classification of External Causes of Injuries' which covers all injuries and is an international WHO standard classification. Humans and animals seem to be the 'product category' most often involved in accidents, with material nec (natural, manufactured, industrial materials), sports equipment, building equipment and stationary equipment featuring prominently as well. Overall, it appears that the degree to which certain 'product categories' are responsible for accidents is similar across Member States.

Figure 23: Injuries by product involved in the accident

Product involved in the accident	Belgium	Cyprus	Czech Republic	Estonia	Latvia	Malta	Total
Blank		0,0%	35,5%	10,5%			7,2%
00			0,0%			0,6%	0,0%
01 Land vehicle or means of land transport	9,5%	10,4%	7,3%	4,0%	6,8%	9,6%	7,2%
02 Mobile machinery or special purpose vehicle	0,5%	0,5%	0,3%	0,4%	0,3%	0,2%	0,3%
03 Watercraft or means of water transport	0,1%	0,1%			0,1%	0,8%	0,1%
04 Aircraft or means of air transport	0,1%		0,0%				0,0%
05 Furniture/furnishing	7,4%	4,9%	3,7%	2,7%	3,6%	3,9%	4,1%
06 Infant or child product	1,2%	3,0%	1,2%	0,4%	1,0%	0,6%	1,1%
07 Appliance mainly used in household	1,4%	3,7%	0,9%	0,4%	1,1%	1,0%	1,2%
08 Utensil or container	4,6%	6,0%	1,3%	1,1%	2,9%	3,5%	2,8%
09 Item mainly for personal use	2,1%	1,4%	0,3%	0,3%	0,3%	1,2%	0,7%
10 Equipment mainly used in sports/recreational activity	4,2%	0,0%	4,9%	0,0%	0,0%	0,0%	4,3%
11 Tool, machine, apparatus mainly used for work-related activity	4,5%	4,6%	1,8%	2,6%	7,3%	7,6%	5,2%
12 Weapon	0,5%	0,3%	0,3%	0,1%	0,1%		0,2%
13 Animal, plant, or person	18,6%	0,0%	14,9%	0,0%	0,0%	0,0%	18,8%
14 Building, building component, or related fitting	13,3%	33,8%	13,5%	9,3%	14,8%	16,3%	15,2%
15 Ground surface or surface conformation	17,8%	2,4%	2,9%	1,9%	11,3%	6,8%	8,3%
16 Material nec	5,7%	10,8%	9,2%	17,4%	18,9%	14,7%	14,7%
17 Fire, flame, smoke	0,2%	0,2%	0,0%	0,1%	1,4%	0,1%	0,7%
18 Hot object/substance nec	0,3%	1,9%	0,2%	0,3%	2,0%	0,7%	1,2%
19 Food, drink	1,8%	0,3%	0,2%	0,2%	0,9%	1,0%	0,7%
20 Pharmaceutical substance for human use, i.e. drug, medicine	1,0%	1,7%	0,1%		0,1%	0,1%	0,3%
21 Other non-pharmaceutical chemical substance	0,5%	1,0%	0,1%	0,1%	0,4%	0,8%	0,4%
40 Medical/surgical device	1,4%	0,2%	0,0%	0,1%	0,0%	0,1%	0,2%
41 Laboratory equipment	0,0%	0,0%					0,0%
98 Other specified object/substance	3,2%	3,2%	1,3%	0,6%	1,1%	2,7%	1,6%
99 Unspecified object/substance			0,0%	0,9%	5,9%	14,9%	3,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Injuries Database – All injuries in Europe – pilot data 2005-2006

Figure 24: Injuries by product involved in the accident

Product involved in the accident	Austria	Denmark	France	Netherlands	Portugal	Sweden
Chemical products, detergents, pharmaceutical products	0,2%	0,9%	1,1%	2006 Data with AI-product-codes will be provided	Product-codes not available yet	0,4%
Clothing and personal effects	3,2%	2,3%	1,7%			2,4%
Domestic appliances and equipment	2,9%	2,3%	1,8%			0,8%
Equipment primarily for use in household	1,7%	1,1%	0,5%			1,0%
Food, beverages, tobacco	1,2%	2,3%	2,3%			2,2%
Furniture and textile	6,5%	5,5%	7,5%			4,9%
Human being, animals, animals articles, human and animal tissue fluids	11,2%	12,1%	14,7%			15,0%
Industrial installations, stationary installations for water, sanitation and electricity	0,9%	0,7%	0,8%			0,6%
Machinery, implement for industry, handicraft and hobby	4,4%	4,8%	2,8%			4,5%
Means of transport	7,1%	3,2%	5,6%			4,3%
Medico-technical equipment, laboratory equipment	-	-	0,0%			-
Musical instrument, photo/optical equipment	-	-	0,0%			-
N.A. (not applicable)	4,1%	3,4%	9,5%			11,6%
Natural element, plants and trees	3,2%	2,5%	1,5%			4,3%
Office and shop furniture	0,2%	0,2%	0,2%			-
Packaging, containers	0,7%	0,9%	0,6%			0,6%
Part of building and stationary furniture	12,9%	18,8%	11,2%			7,1%
Product, other and unspecified	-	10,5%	18,2%			12,8%
Raw materials, structural elements and particles	2,6%	5,7%	3,3%			3,2%
Sports equipment (Weapons used in sports, see X0)	21,9%	6,9%	8,8%			11,8%
Stationary equipment outside, processed surface outdoors and natural surface	14,5%	14,6%	7,1%	11,8%		
Toys	0,7%	1,1%	0,6%	0,6%		
Weapons, war material	-	-	0,0%	0,2%		
Total	100,0%	100,0%	100,0%			100,0%

Source: Injuries Database – Home and Leisure Accidents in Europe, 2005

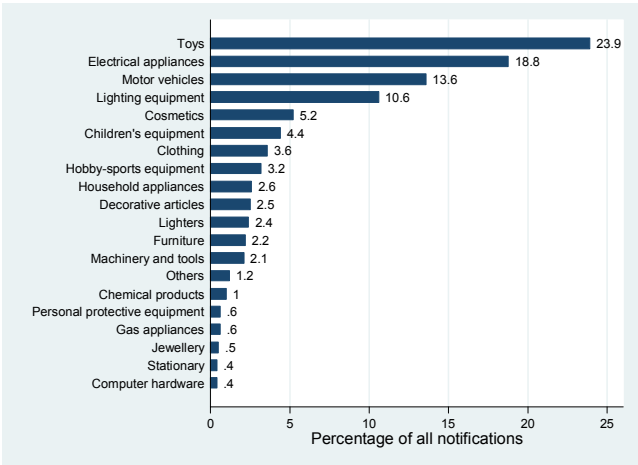
RAPEX is the Community rapid alert system for the notification of dangerous (non-food) consumer products. RASFF is the Community alert system for the notification of dangerous food and feed products. Figures 25 to 30 show a breakdown of the number of notifications by product category, by notifying country and by origin of the notified product. Caution is needed when interpreting these figures: one should not conclude that countries with the highest number of notifications are the most 'dangerous' countries – they may simply be more diligent in notifying dangerous goods.

More interesting are the notifications by product category: toys, electrical appliances and motor vehicles are the top-three 'dangerous' non-food products; nuts and fish are the most 'dangerous' food products. However, one should take account of the market importance of these products and of the fact that some products are traditionally subject to more inspections than others. The system gives no indication on the percentage of inspections that actually result in risk notification. Therefore, these data should be complemented with the number of inspections devoted to different products. In terms of the origin of notified products it appears that China accounts for almost half of the notified 'dangerous' non-food goods. This high number partly reflects China's market share for the products concerned. The picture for food and feed is more varied: almost one-third of all notified food and feed products originate from the Member States.

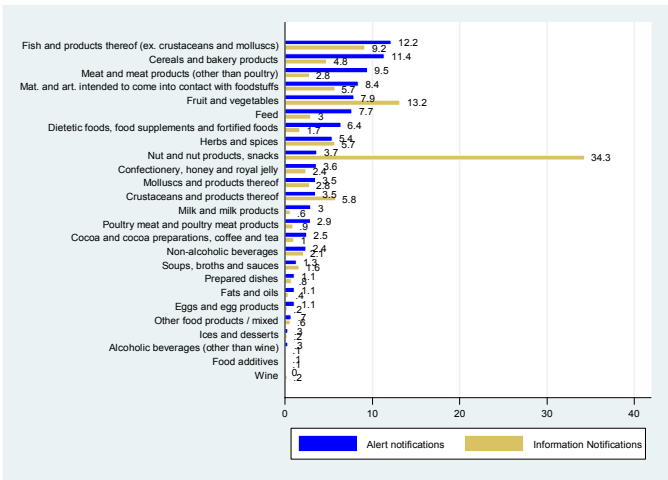
Figure 25 : 'Serious risk' notifications by product category

Figure 26: Notifications by product category

In percentages

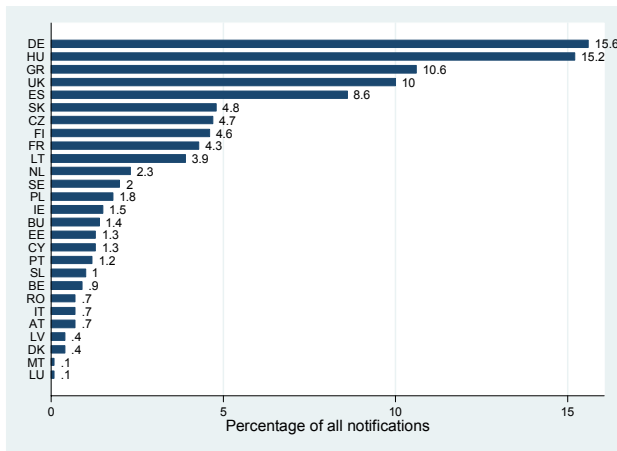


Source: Rapex 2006 Annual Report



Source: Rasff 2006 Annual Report

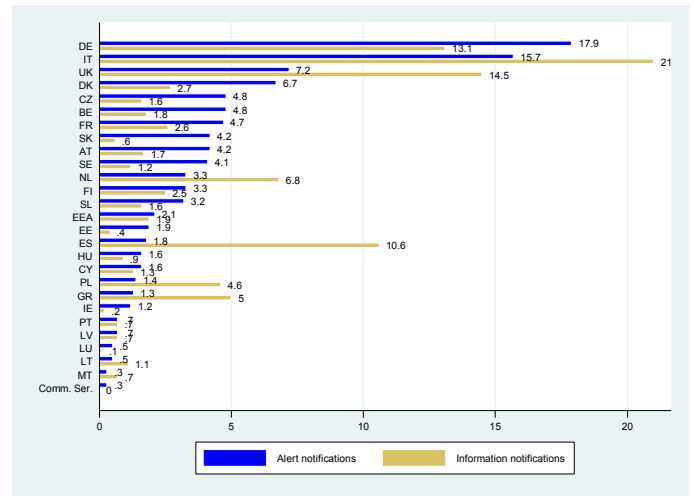
Figure 27: 'Serious risk' notifications by notifying country



Source: Rapex 2006 Annual Report

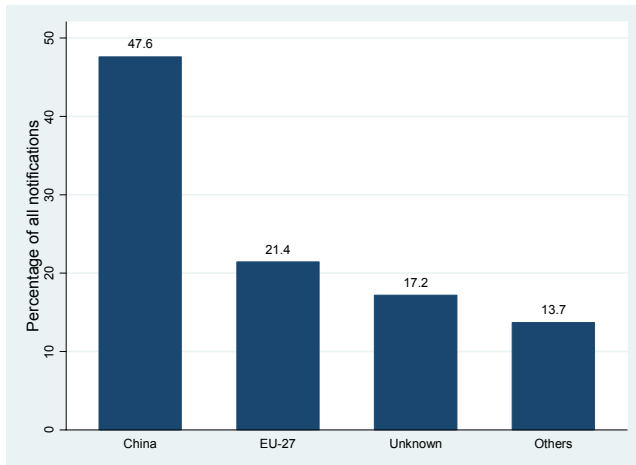
Figure 28: Notifications by notifying country

In percentages



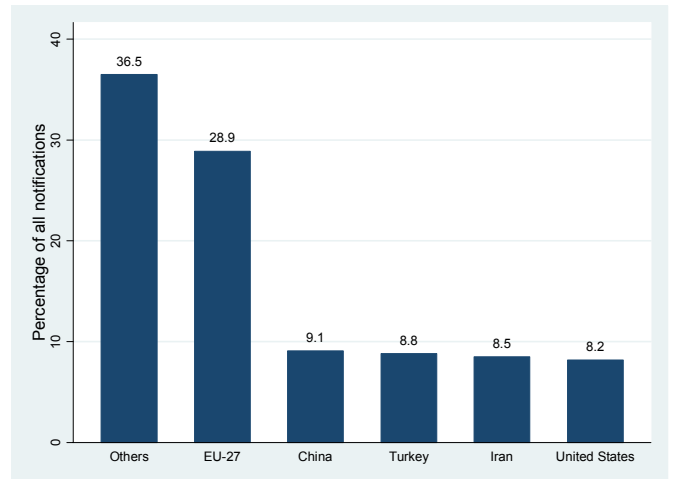
Source: Rasff 2006 Annual Report

Figure 29: 'Serious risk' notifications by country of origin of the notified product



Source: Rapex 2006 Annual Report

Figure 30: Notifications by country of origin of the notified product



Source: Rasff 2006 Annual Report

Figure 31 on consumers' perception of safety of network services shows that consumers tend to believe these services are safe, especially water supply services and electricity supply services (89%). However this evidence needs to be updated.

Figure 31: Consumers' perception of safety of services of general interest

QF9: In general, would you say that the ... is/are safe or not safe? (in % - the remainder is 'don't know')

	rail services between cities		transport services within cities		water supply service		gas supply service		electricity supply service		mobile telephone service	
	safe	not safe	safe	not safe	safe	not safe	safe	not safe	safe	not safe	safe	not safe
EU-25	70	14	76	12	89	5	74	8	89	6	70	17
Austria	67	9	69	8	88	4	60	6	88	6	72	11
Belgium	83	9	81	14	96	2	75	12	96	3	78	16
Cyprus			47	15	89	7			92	5	82	12
Czech Republic	73	17	73	16	91	4	70	21	87	7	78	13
Denmark	69	7	71	10	94	2	42	2	96	1	74	11
Estonia	48	7	58	15	75	7	48	6	81	10	64	17
Finland	79	2	83	4	94	2	40	10	96	2	88	7
France	69	11	70	10	89	6	76	3	93	3	63	22
Germany	75	16	80	13	92	4	75	7	91	4	74	13
Greece	68	16	74	18	85	14	25	20	80	17	52	36
Hungary	66	9	70	14	90	7	82	9	92	5	76	6
Ireland	68	4	75	5	86	6	51	7	94	3	63	21
Italy	58	21	63	20	79	12	79	13	80	12	68	22
Latvia	67	6	83	9	80	8	86	6	93	5	77	9
Lithuania	64	12	72	19	76	9	77	11	82	11	53	29
Luxembourg	69	10	76	9	95	2	65	7	94	4	78	14
Malta	20	4	65	24	88	9	84	10	88	9	69	19
Netherlands	68	21	73	16	88	2	85	4	88	3	62	22
Poland	58	20	76	10	92	4	78	13	86	9	59	20
Portugal	63	5	73	9	88	2	78	7	88	3	77	4
Slovakia	69	15	71	19	87	6	76	15	87	7	72	16
Slovenia	78	6	80	10	87	10	63	21	73	23	56	39
Spain	81	7	85	8	89	6	79	10	86	9	73	16
Sweden	77	9	80	10	93	3	29	17	89	8	77	18
United Kingdom	73	15	85	8	94	3	84	2	96	1	74	11

2. INTEGRATION OF THE RETAIL INTERNAL MARKET

2.1. Cross-border business to consumer trade

The first indicator presented in this section as a measure of the degree of integration of the retail side of the internal market is the level of cross-border trade. While this is a relevant measure of integration for some markets, the presence of non-national retailers in the market and the level of foreign direct investment are also relevant indicators. Data on these will be presented in future scoreboards.

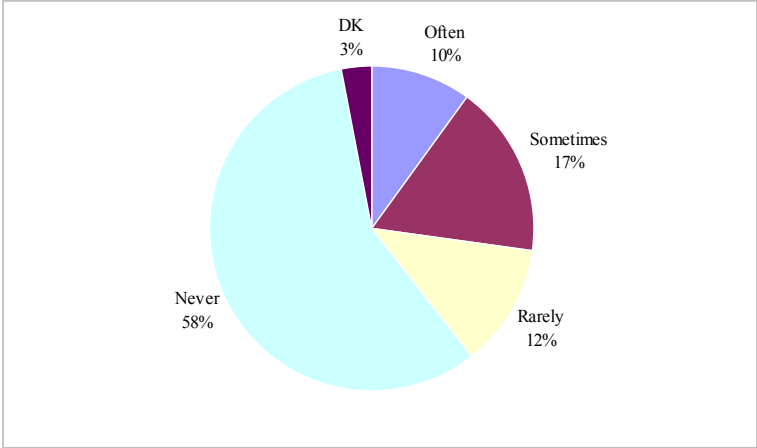
The level of cross-border trade reflects the extent both to which retailers are prepared to advertise and make cross-border offers and to which consumers are prepared to make purchases. The level of trade is an outcome of several aspects of consumer policy: legislation designed to simplify cross-border sales for businesses and to guarantee consumer rights; cross-border enforcement measures, administrative burdens for cross-border operations, and cross-border information and advice.

Despite the increase in the number of consumers travelling abroad and the wider use of the internet for making cross-border purchases, the vast majority of EU consumers still tend to buy goods or order services in their own country. This indicated great potential for increased cross-border purchases and further market integration, as long as the right conditions are established. Cross-border purchases can be made either by consumers making purchases when abroad or by making purchases through distance sales channels (e.g. internet, digital TV, phone, post).

Knowing what products are available in other countries and at what price is an important precondition for cross-border shopping. Most Europeans – 57% (see Figure 32) – have never come across advertisements or offers inviting them to make cross-border purchases. However, it is not always easy to identify whether or not an advertisement comes from another EU country.

Figure 32: Percentage of individuals who have received, seen or heard advertisements or offers inviting them to make cross-border purchases, in the last 12 months

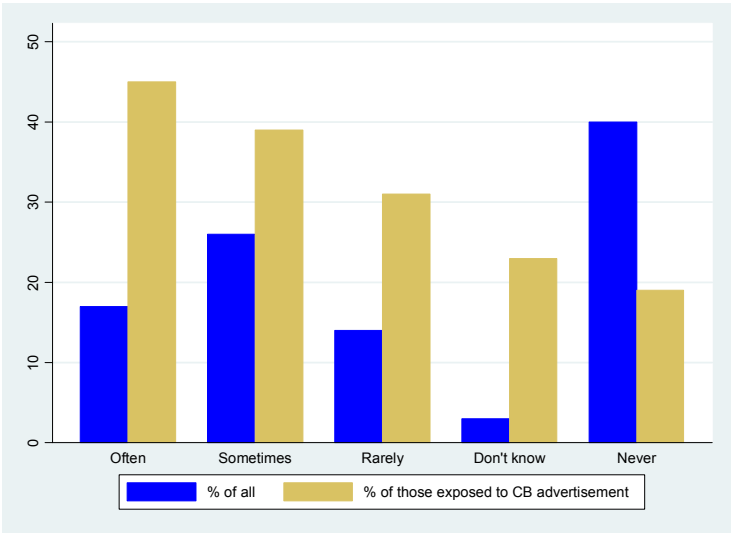
QB11: In the last 12 months, have you received, seen or heard advertisements or offers which invited you to purchase goods or services directly from sellers\ providers located in other European Union countries (via the Internet, email, by post, leaflets in your post box, by telephone, on television, on radio, in newspapers, magazines, etc.)?



Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

When we look at the group of consumers who have received offers encouraging them to make a cross-border purchase "often", we see that 45% of them have made at least one cross-border purchase. Of those who have received cross-border offers "sometimes", 39% have made at least one cross-border Internet purchase.

Figure 33: Percentage of individuals who have received cross-border offers/advertisements and made a cross-border purchase, in the last 12 months

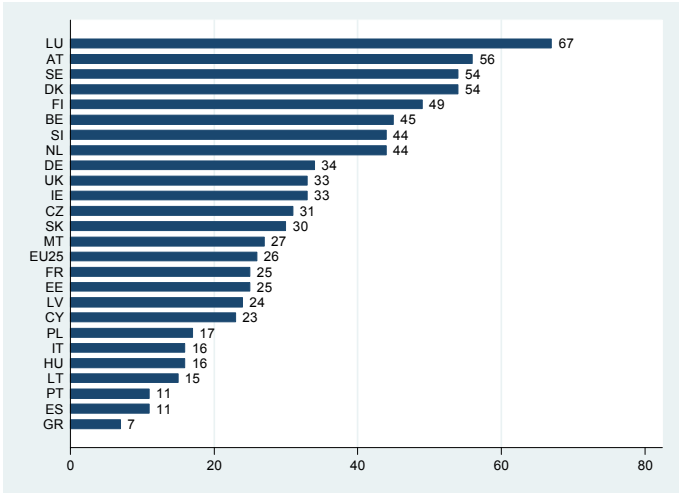


Source: Commission calculations based on Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

As can be seen in the Figure 34, 26% of EU consumers have carried out an EU cross-border purchase in 2006. This is a significant increase over the last available figures from 2003 when only 12% of consumers had made an EU cross-border purchase.

Figure 34: Percentage of individuals who ordered goods or services from another EU country, in the last 12 months

QB1: Have you made at least a cross border purchase from a seller/provider located in another EU country?

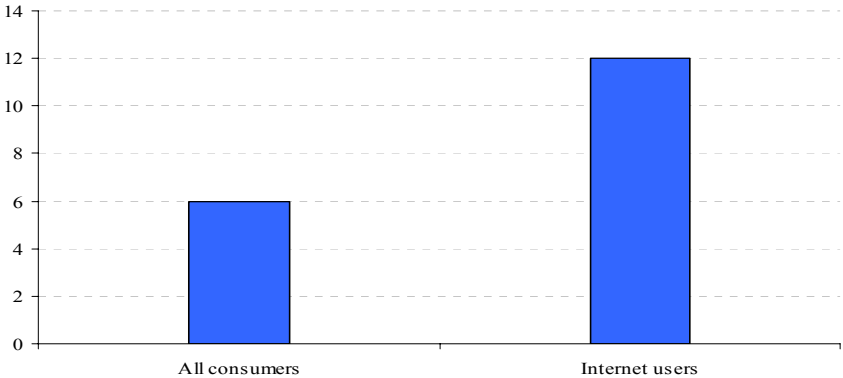


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

Though there are a number of structural barriers to a fully-integrated single market, such as differences in legal regimes, as well as cultural and linguistic biases, these obstacles do not have the same negative effect across the EU. Individuals in the smallest and more geographically central countries (LU, AT, BE, NL) tend to buy more from foreign sellers or providers. The opposite applies to countries at the geographical periphery of the Union (GR, PT). Regardless of size or location, there is an overriding interest for Member States in opening up the retail internal market to widen their consumers' choice and to make competition more dynamic within the EU economy.

The internet has further stimulated the process of cross-border shopping, allowing fast, less costly communication as well as access to a wider variety of goods and services. Figure 34 shows cross-border internet purchases in the general population and cross-border internet purchases amongst internet users. The results from Figure 35 indicate that internet access is a vital element in promoting cross-border transactions. While just 6% of EU consumers have made an EU cross-border internet purchase, this figure rises to 12% for internet users.

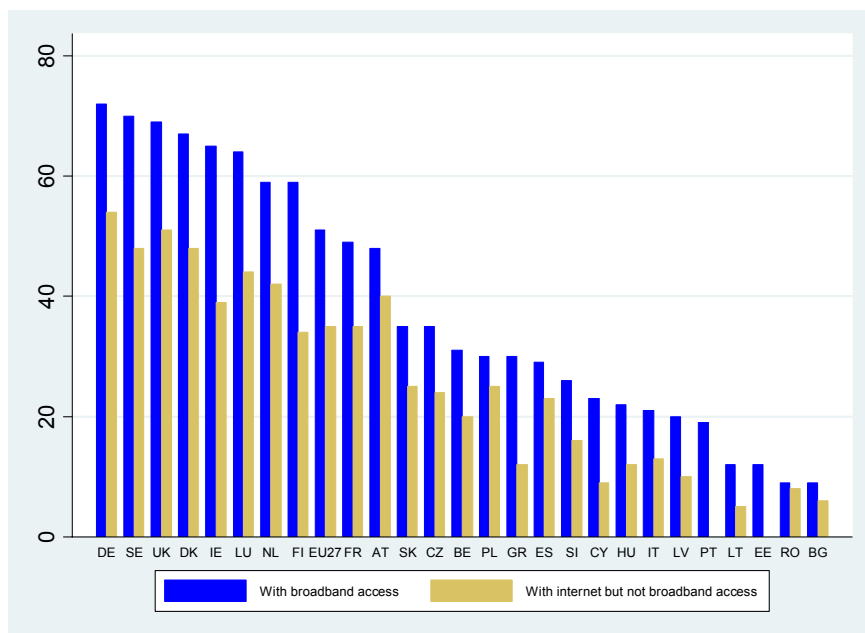
Figure35: Percentage of consumers who have made an EU cross-border internet purchase



Source: Commission calculations based on Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

However, this 12% has considerable potential to increase since 44% of internet users have actually made a domestic internet purchase. Over time these two figures should converge as confidence grows in cross-border trade. Also, the quality and speed of internet connection seem to explain a large part of the willingness to buy online. This is especially true for countries such as Ireland and Finland – see Figure 36 – where those having broadband connection are almost twice as willing to buy online as those not having broadband access. The opposite applies to countries such as Bulgaria and Romania where the speed or quality of connection does not appear to be a determining factor in buying online.

Figure 36: Percentage of individuals who ordered goods or services, over the Internet, for private use, in the last year

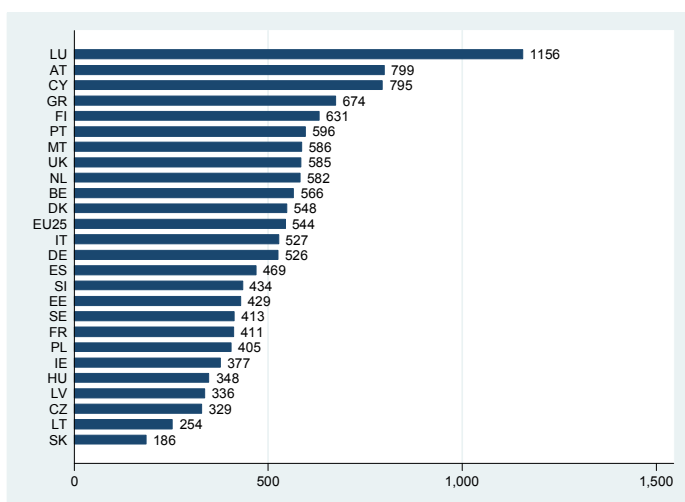


Source: Eurostat, 2006

Figure 37 accounts for the cross-country differences in cross-border spending. Results show that consumers tend to spend more on cross-border purchases if they live in smaller countries. Of the large Member States, only the U.K. is above EU average.

Figure 37: Average value of cross border purchases of goods or services during the previous year, 2006

QB3 In the last 12 months, approximately what was the total value of the goods or services you have purchased from sellers\ providers located in other European Union countries?

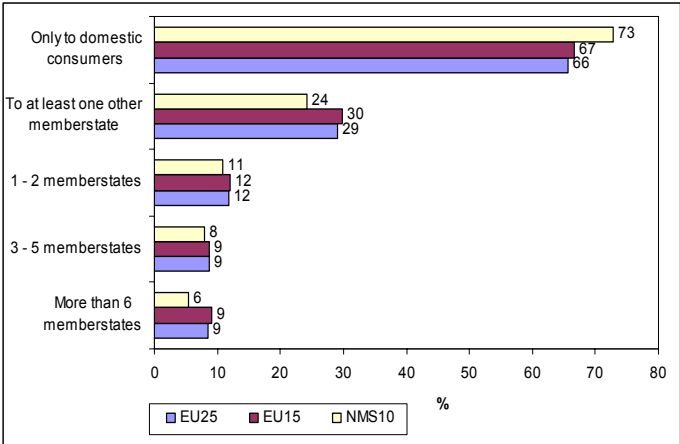


Source: Own calculations on Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

At the moment most EU businesses sell only domestically, with 29% of SMEs selling to consumers in other Member States. It seems that businesses in the old Member States use e-commerce more widely for cross-border sales than businesses in the new Member States.

Figure 38: Proportion of SMEs selling to final consumers in other Member States

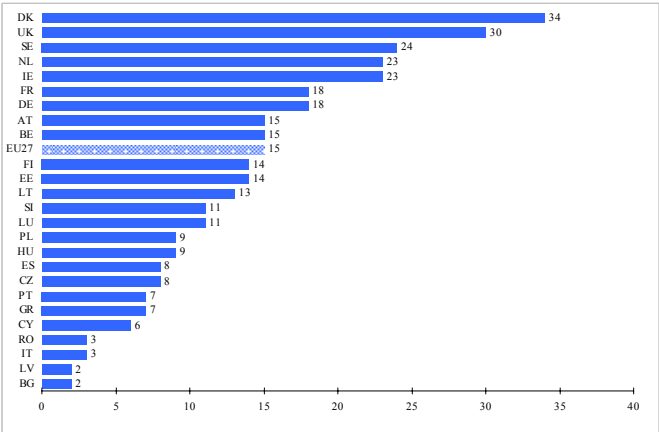
Q6. To how many EU countries do you currently make cross-border sales to final consumers?



Source: Flash Eurobarometer 186 – Business attitudes towards cross-border sales and consumer protection, 2006

Figure 39 looks at the percentage of businesses which received orders over the internet. At the moment the EU-27 figure stands at 15%, but as more businesses offer their products online the magnitude of cross-border sales is likely to increase.

Figure 39: Percentage of businesses having received orders on-line over the last calendar year, all but the financial sectors (10 employed persons or more)



Source: Eurostat, 2006

2.2. Cross-border information, complaints, disputes, enforcement

The successful integration of the retail dimension of the internal market depends also on the effective cross-border operation of information, complaint, enforcement and redress systems. The Consumer Protection Cooperation (CPC) network brings together national enforcement bodies whose job is to detect, investigate and stop cross-border infringements. The European Consumer Centre (ECC) network provides information and advice direct to consumers about cross-border shopping and possible complaints and disputes.

Both networks have recently developed new data-gathering systems. The data from these systems will form the basis for indicators to monitor progress both in cross-border information and enforcement and in the cross-border market more generally.

Figure 40 sets out the summary data from both networks for 2007. 2006 data are only available for the ECC network but not on a strictly comparable basis.

Figure 40: Number of cross-border information requests, complaints, disputes and enforcement requests

Source: ECC and CPC networks

	2007	2006
ECC		
Information requests	26215	30155
Simple complaints	18070	2804
Normal complaints and disputes	4759	24133
CPC		
Information requests	52	
Enforcement requests	57	
Alerts	22	

Source: ECC and CPC networks

- ECC information request means any query by a consumer regarding a national or cross-border consumer issue not related to a complaint. This includes requests for brochures.
- ECC complaint means a statement of dissatisfaction by a consumer concerning a concrete cross-border transaction with a seller or supplier. 'Simple complaints' are requests for brief information whereas 'normal complaints' typically need more input and follow-up. 'Simple complaints' which have subsequently been transformed to 'normal complaints' are only counted as 'normal complaints' to avoid double counting.
- ECC dispute means a referral to an out-of-court scheme (alternative dispute resolution).
- CPC information requests refer to exchanges of information for the purpose of establishing whether an intra-Community infringement has occurred or whether there is reasonable suspicion it may occur.
- CPC enforcement requests are issued when all necessary enforcement measures have to be taken to bring about the cessation or prohibition of the intra-Community infringement without delay.
- CPC alerts refer to notifications. When a competent authority becomes aware of an intra-Community infringement, or reasonably suspects that such an infringement may occur, it notifies the competent authorities of other Member States and the Commission, supplying all necessary information without delay.

ECC and CPC data are also available on a sectoral basis. The following table shows the different types of complaints and alerts broken down by the main sectors. The majority of the cases concern the transport sector and the recreation and culture sector.

Figure 41: Number of cross-border information and enforcement requests, complaints and disputes by sector

	CPC			ECC
	Information	Enforcement	Alerts	Normal complaints and disputes
Clothing and footwear	1			134
Education	1			17
Communication		2	1	278
Alcoholic beverages and tobacco				22
Food and non-alcoholic beverages	1	1	1	13
Furnishing, household equipment and routine household maintenance	1	1		334
Health	8	11	5	40
Housing, water, electricity, gas and other fuels				75
Miscellaneous goods and services	13	9	4	350
Outside COICOP classification	6	6	3	205
Recreation and culture	8	10	4	1150
Restaurants and hotels	5	2	1	508
Transport	8	15	3	1633
Total	52	57	22	4759

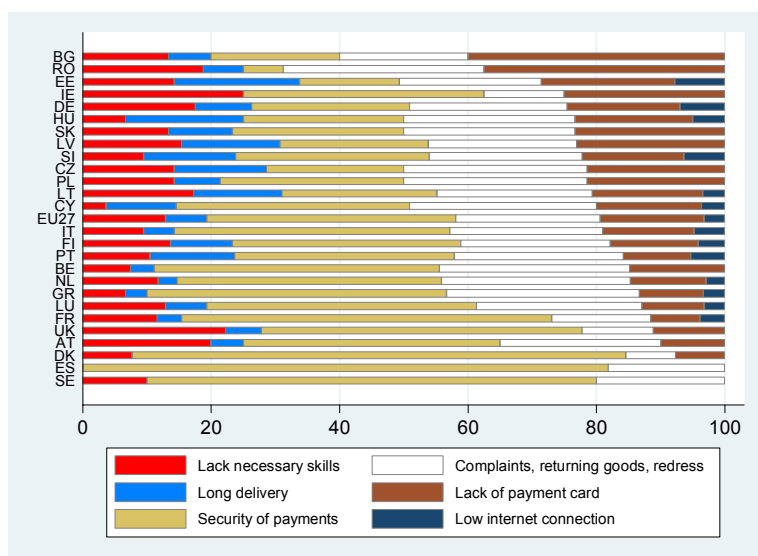
Source: ECC and CPC networks

2.3. Consumer and retailer attitudes to cross-border sales

This section presents data on some of the obstacles to the completion of the retail side of the internal market. Despite the introduction of the euro in many Member States, there are still many structural obstacles such as diverging national legal frameworks governing consumer transactions, poor knowledge of consumer rights and offers, linguistic and other cultural biases such as preference to shop in person. At the same time, businesses are not well informed on their obligations with respect to cross-border sales and often ignore the wealth of opportunities available to them. Also, according to businesses, the different national legal regimes constitute an obstacle to cross-border sales.

Figure 42 shows that, in addition to the significant problems of poor internet skills and low internet access, consumers are deterred from making internet purchases by factors such as security of payments, lack of credit cards, complaints handling, return of goods, obtaining redress and delivery problems.

Figure 42: Perceived barriers to buying/ordering over the Internet



Source: Eurostat, 2006

* Figure 42 includes the main perceived barriers to buying over the internet. Other possible barriers (i.e., no need, prefer to shop in person, other reasons) are not presented because the numbers are less significant.

Consumers are generally less confident in making cross-border purchases than domestic ones. Figure 43 sets out the difference in confidence levels between domestic and cross-border shopping for e-commerce. The Commission's objective is to ensure that consumers are equally confident about cross-border and domestic shopping.

Figure 43: Confidence in internet shopping

QB22.1: For each of the following, would you be more confident, as confident or less confident making internet purchases from providers located in other European Union countries compared to purchases from providers located in your country?

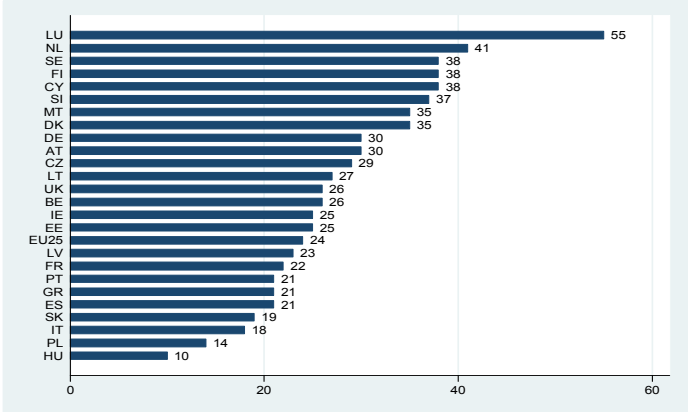


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

A lack of specific information and advice related to cross-border shopping seems to be one of the main determinants of consumers' attitude towards cross-border trade with only 24% of EU consumers knowing where to get information and advice about cross-border shopping.

Figure 44: Percentage of consumers who know where to get information and advice about cross-border shopping in the European Union

QB21.2: You know where to get information and advice about cross border shopping in the European Union (% saying yes)

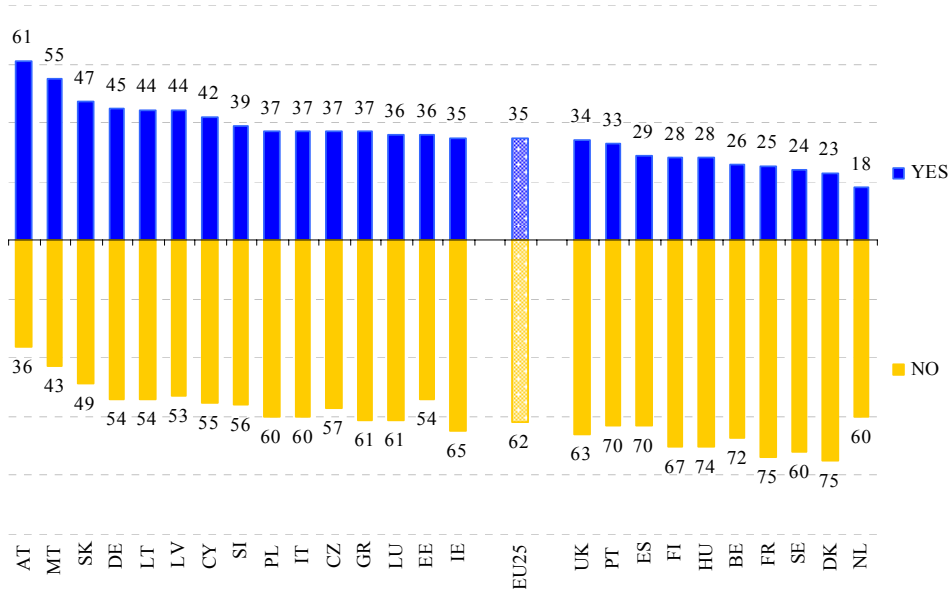


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Retailers also seem to lack information about their consumer protection obligations when trading across borders.

Figure 45: Retailers' awareness of information sources regarding consumer protection in other EU countries

Q18. Do you know where you can find relevant information about regulation on consumer protection in other EU countries?



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Looking in more detail at consumers' knowledge of specific information sources concerning Single Market rights provided by the European Commission, it seems that the most widely known services are those offered by the European Consumer Centres (ECCs).

Figure 46: Consumers' knowledge of European Commission services concerning Single Market rights

QD18: The European Commission offers the following services to help citizens concerning their rights in the Single Market. Which of the following services have you heard of? (Multiple answers possible)

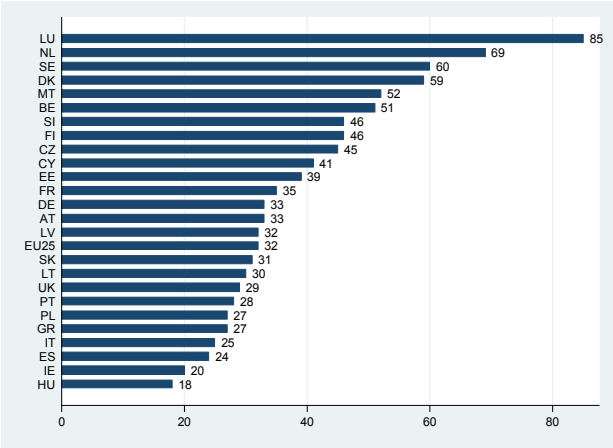
	Your Europe	SOLVIT	Citizens Signpost Service	FIN-NET	Europe Direct	European Consumer Centres (Euroguichets)	None (spontaneous)	DK
EU25	4	2	3	2	6	11	69	9
BE	8	3	2	2	3	13	75	1
CZ	5	1	6	4	8	16	55	14
DK	3	1	1	2	12	8	73	5
DE	4	1	1	3	6	19	72	3
EE	4	2	1	4	8	9	64	17
GR	4	2	3	4	1	16	72	3
ES	3	2	6	2	5	8	72	12
FR	3	0	1	2	6	9	76	6
IE	9	6	5	2	10	12	57	15
IT	3	4	4	3	3	5	62	18
CY	5	2	9	3	16	18	58	10
LV	3	1	2	3	7	10	66	13
LT	3	2	5	2	3	12	54	24
LU	3	4	1	2	8	19	63	7
HU	4	2	5	1	8	6	66	15
MT	8	5	3	2	10	9	58	19
NL	8	4	2	4	6	6	72	6
AT	6	5	9	2	5	18	50	13
PL	7	2	4	1	5	17	64	9
PT	3	2	2	3	4	9	73	14
SI	7	4	7	3	6	12	69	5
SK	12	2	7	4	14	17	47	15
FI	10	2	10	5	6	10	65	6
SE	9	2	4	2	16	30	55	2
UK	2	3	2	1	6	6	77	7

Source: Special Eurobarometer 254 – Internal Market, 2006

Whilst language plays a role in consumers' readiness to make cross-border purchases,- figure 46 shows that for a significant number of European consumers it is not a prohibitive barrier: from 85% (LU) to 18% (HU) of consumers are prepared to buy goods or services using another EU language, with.

Figure 47: Percentage of consumers prepared to purchase goods and services using another European Union language

QB21.1: You are prepared to purchase goods and services using another European Union language

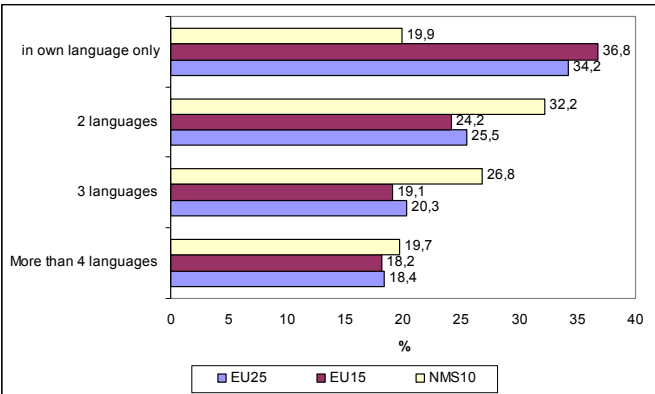


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

About the same percentage of retailers is willing to engage in cross-border sales in other languages.

Figure 48: Preparedness of retailers to sell cross-border to final consumers in other languages

Q5. In how many EU languages are you currently prepared to carry out transactions with consumers?

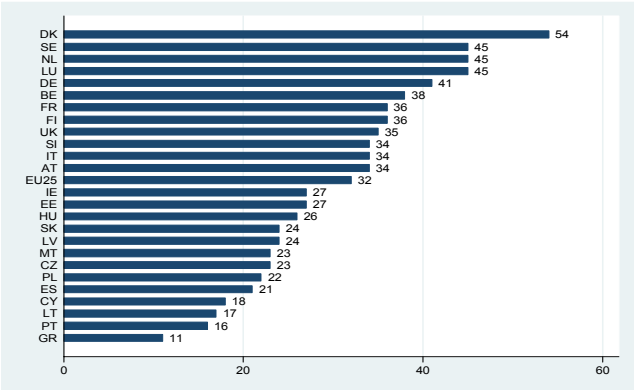


Source: Flash Eurobarometer 186 – Business attitudes towards cross-border sales and consumer protection, 2006

In 2006, despite the various obstacles, 32% of consumers were interested in making a cross-border transaction in the next 12 months. With Commission initiatives such as the simplification of the legal framework governing cross-border consumer contracts and the increasing use of the internet, it is expected that cross-border shopping will pick up and more consumers will take advantage of better offers from abroad.

Figure 49: Percentage of consumers interested in making a cross-border purchase in the next 12 months, 2006

QB21.5: You are not interested in making a cross border transaction in the European Union in the next 12 months (% of those who disagree)

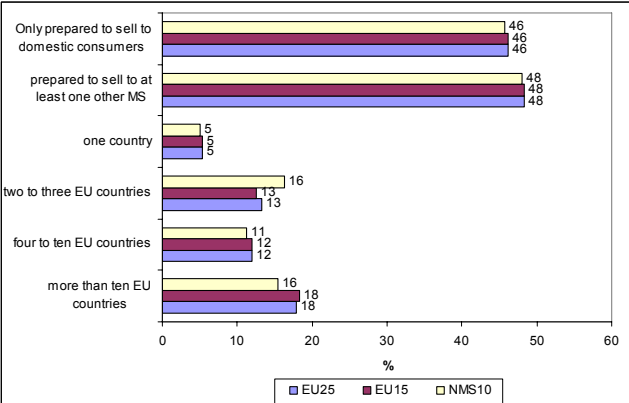


Source: Special Eurobarometer 252 – Consumer protection in the Internal Market, 2006

More and more businesses are beginning to embrace the internet as a sales channel and look to other EU countries to sell their products. Despite the fact that at present only 29% of businesses engage in cross-border sales, the potential is much higher with 48% of businesses declaring that they are willing to sell in other EU countries (see Figure 50).

Figure 50: Preparedness of SMEs to make cross-border sales to final consumers in other countries

Q17. To how many EU countries are you prepared to make cross-border sales to final consumers?



Source: Flash Eurobarometer 186 – Business attitudes towards cross-border sales and consumer protection, 2006

3. BENCHMARKING THE CONSUMER ENVIRONMENT IN MEMBER STATES

3.1. Enforcement / Compliance

Due to the fragmentation of many consumer markets into national markets and to the fact that a large part of the institutional set-up in which consumers operate is national, benchmarks are needed to better understand the consumer environment in Member States. Effective and efficient enforcement and redress are of particular importance, for the functioning of both the single market and national markets.

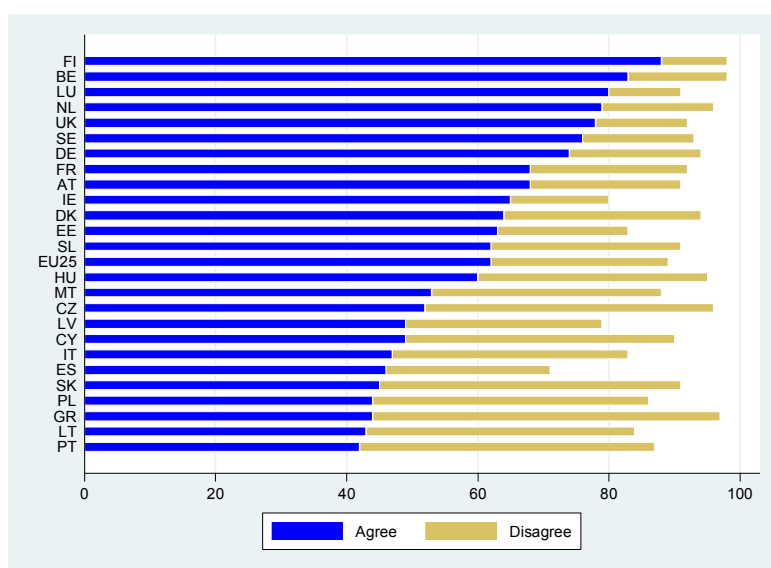
The quality of enforcement regimes is an important indicator of the health of national markets, from both a safety and an economic perspective. Indicators of compliance and of trust as perceived by consumers capture one element. Enforcement inputs and outputs (inspectors, inspections carried out) provide other indicators. Similarly consumer redress (through the courts and alternative dispute resolution bodies) should be measured according to consumer perceptions and hard data on actual cases.

The existing data on consumer perceptions are presented in the following figures, but more data is needed. Enforcement benchmarks across sectors will be developed in collaboration with Member States, to get a better picture of how well this aspect of consumer markets is functioning and in order to identify problems in enforcement and redress.

Figure 51 shows that a majority of EU consumers believe providers and sellers respect their rights as consumers.

Figure 51: Trust consumers hold in providers to respect their rights

QB28.7: In general, sellers\providers in your country respect your rights as a consumer.

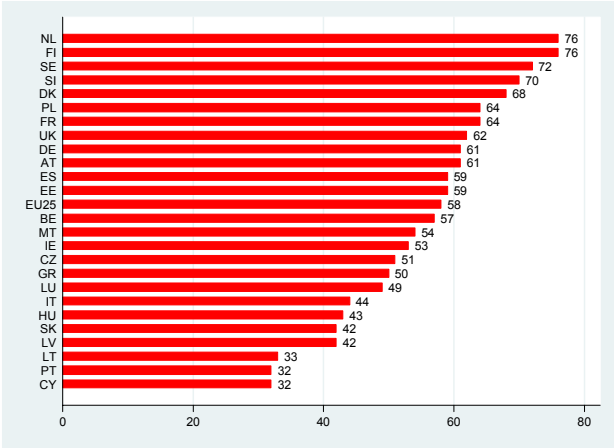


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Misleading, deceptive and fraudulent advertisements are banned under the Directive on Unfair Commercial Practices (UCP) and its predecessor, the Misleading Advertising Directive. A high level of compliance with these rules is essential for market functioning as it avoids problems further downstream for consumers. The effective enforcement of these rules depends on consumers recognising and reporting such infringements. The most damaging practices may be where consumers do not realise there is a serious infringement. The survey data provide nevertheless a clear indicator of compliance levels. The Commission has emphasised the importance of effective enforcement of the new UCP Directive and will use this indicator as part of its monitoring.

Figure 52: Percentage of consumers who received unsolicited (cold calls, spam email, direct marketing, etc) commercial advertisements or offers

QB12.1 Have you received unsolicited commercial advertisements or offers (cold calls, spam emails, direct marketing, etc.) in the last 12 months in your country or elsewhere? (Multiple answers possible)



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Figure 53: Percentage of consumers who were exposed to misleading, deceptive or fraudulent advertisements or offers

QB12.2 Have you received, saw, or heard misleading, deceptive or fraudulent advertisements or offers in the last 12 months in your country or elsewhere? (Multiple answers possible)

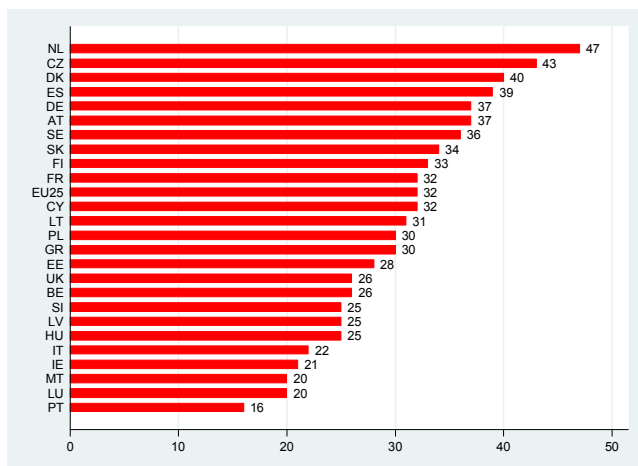
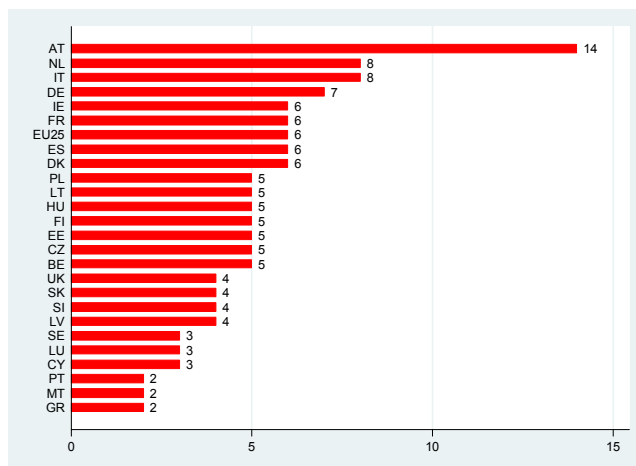


Figure 54: Percentage of consumers who responded to a misleading, deceptive or fraudulent advertisement or offer (by contacting the seller / provider in some way)

QB12.3: You responded to a misleading, deceptive or fraudulent advertisement or offer by contacting the seller\ provider in some way (calling them, replying to an email, paying some money, etc.).

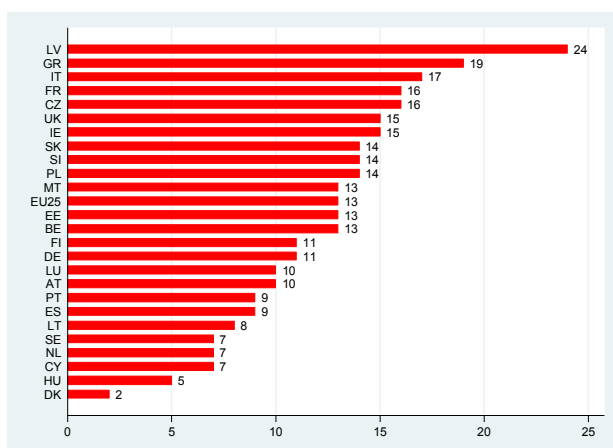


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

The UCP Directive introduced new protection against pressure selling. Figure 55 shows the prevalence of pressure selling.

Figure 55: Percentage of consumers who have been unduly coerced / pressurised to make a purchase / sign a contract

QB14: In the last 12 months, have you been unduly coerced or pressurised to purchase something or sign up to a contract?

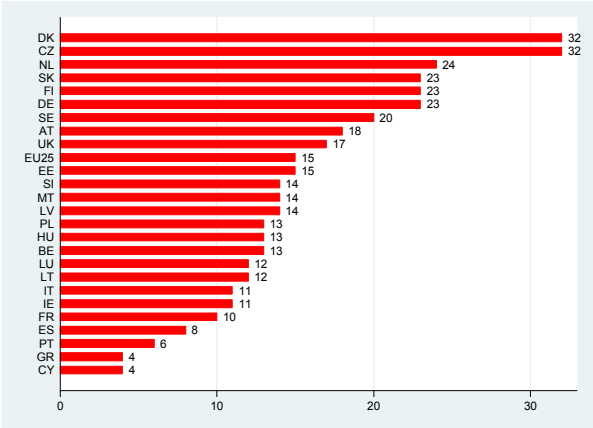


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

The ability to return defective goods is an important element contributing to consumer confidence, and constitutes a right guaranteed under EU law. Compliance levels are again best monitored through surveys. Figure 56 shows that this right is used significantly by consumers.

Figure 56: Percentage of consumers who have tried to replace, repair, ask for a price reduction or cancel a contract

QB15: Have you tried to replace, repair, ask for a price reduction or cancel a contract within your warranty rights in the last 12 months? (Multiple answers possible)



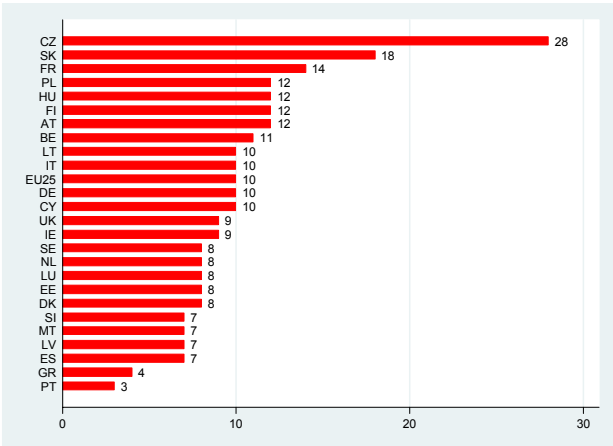
Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

If a purchased product does not conform to the original sales contract or shows a defect within two years after delivery, consumers have the right to ask for the product to be replaced, repaired or reduced in price, or for the contract to be cancelled.

EU law prohibits unfair contract terms. While it is difficult for consumers to identify unfair terms, survey data do give an indication of the prevalence of this practice.

Figure 57: Percentage of consumers who came across what they regard as unfair contract terms

QB16: In the past 12 months, have you come across what you regard as unfair consumer contract terms, particularly in standard contracts or terms and conditions? (Multiple answers possible)



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

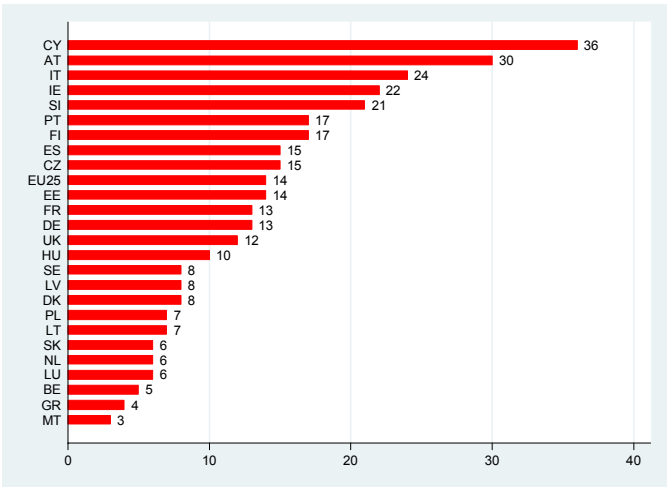
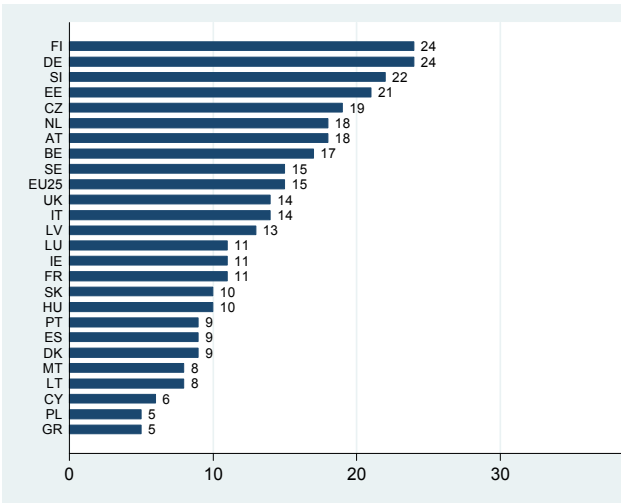
The freedom to change your mind when making a purchase at a distance or at home is an important consumer protection right guaranteed at EU level. Figures 58 and 59 show that the use of this right varies considerably between Member States. This may reflect the need for improved information about consumers' rights to a cooling-off period.

Figure 58: Percentage of consumers who tried to return a product or cancel a contract within the cooling-off period after having bought something at a distance (internet, phone, post)

Figure 59: Percentage of consumers who tried to return a product or cancel a contract within the cooling-off period after buying something from a sales representative at home or at the workplace

QB5: In the last 12 months, have you tried to return a product or cancel a contract, within the cooling-off period, after having purchased something by Internet, phone or post in your country or elsewhere in the European Union?

QB6: In the last 12 months, have you tried to return a product or cancel a contract, within the cooling-off period, after having purchased something from a sales representative at home or at the workplace? (Multiple answers possible)

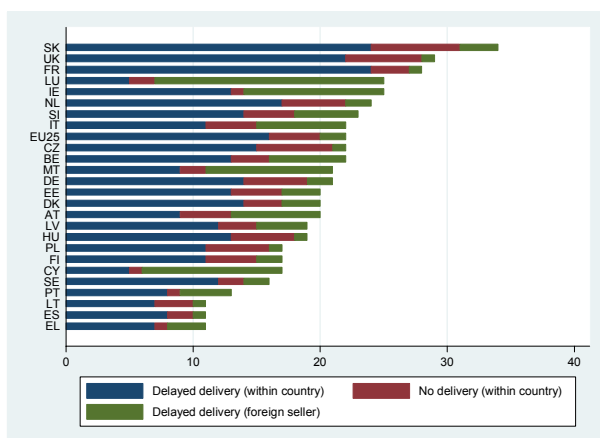


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Over 20% of EU consumers faced delivery problems, especially delayed delivery from providers and sellers within their own country.

Figure 60: Percentage of consumers who faced delivery problems

QB4 During the past 12 months have any of the following situations happened to you when purchasing something at a distance for example on the Internet, by phone or mail, either in your country or elsewhere? (Multiple answers possible)



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Figure 61 shows the results of a "sweep" of airline ticket-selling websites carried out in 2007. This is a systematic check carried out simultaneously and in a co-ordinated way in different Member States to investigate breaches of consumer protection law. This airline ticket-selling investigation was launched and co-ordinated by the European Commission under the CPC Regulation. The sweep investigation focused on three key practices:

- Clear Pricing: a clear indication of the total price should be given in the headline price first advertised on a website
- Availability: any conditions attached to the offer, particularly limitations on the availability of an offer, should be clearly indicated.
- Fair Contract Terms: general contract terms must be clearly indicated, easily accessible and fair.
- The data should be read carefully as figures reflect both the level of compliance and the intensity of the sweep by the different national authorities.

Figure 61: Sweep results of airline ticket-selling websites, 2007

Country	Number of websites searched	Number of websites with irregularities	Number to be followed up by the CPC*	Number to be followed up at national level
Belgium	48	46	9	37
Denmark	62	25	21	4
Lithuania	40	23	0	23
Norway	31	22	10	12
Finland	30	20	9	11
Bulgaria	54	18	0	18
Sweden	32	16	1	15
France	31	13	5	8
Estonia	26	14	4	10
Portugal	16	11	0	11
Italy	11	9	1	8
Spain	11	7	3	4
Malta	14	2	0	2
Austria	20	0	0	0
Cyprus	8	0	0	0
Greece	13	0	0	0
Total	447	226	63	163

Source: European Commission – DG SANCO

*CPC = Consumer Protection Co-operation Network – a network of national enforcement authorities from 27 Member States (and Norway & Iceland) set up under the Consumer Protection Co-operation Regulation (EC2006/2004) to handle cross-border issues.

3.2. Redress

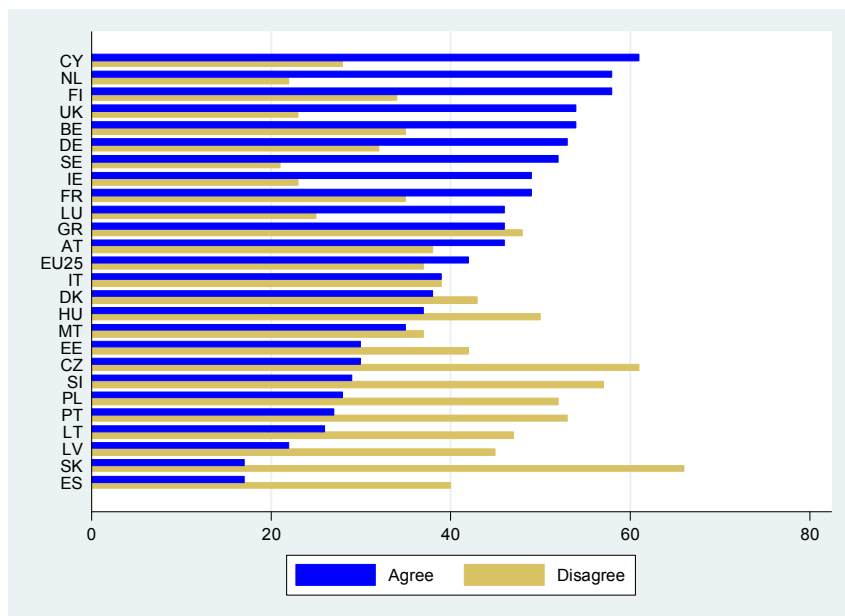
Consumers should be able to get redress if their rights are infringed. If they cannot solve disputes with suppliers themselves, they can try to solve their disputes through courts or through the more informal alternative dispute resolution (ADR) schemes, which use a third party – an arbitrator or mediator. These alternative dispute resolution schemes differ substantially across Member States as does the status of their decisions (recommendations, binding decisions). Perceptions of consumers and retailers about the role of ADR bodies are important indicators of their effectiveness. The data show a varied picture across the Member States, reflecting the differences in use of ADR.

Survey evidence is available on consumers' views of dispute resolution and on the preparedness of SMEs to use ADR. However, additional data need to be gathered about the number of small claims, court cases and ADR cases as well as about the problems consumers face in obtaining redress, their perception of redress, and the economic consequences.

A substantially higher percentage of consumers in northern Member States, Cyprus and Greece, as compared to consumers in Spain and Portugal and in most new Member States, believe resolving disputes through an arbitration, mediation or conciliation body as well as through court is easy. With regard to alternative dispute resolution, only around 30% of consumers in the latter group of countries consider it to be easy, against over 60% of consumers in the former group.

Figure 62: Percentage of consumers who agree that it is easy to resolve disputes with sellers / providers through an arbitration, mediation or conciliation body

QB28.1: It is easy to resolve disputes with sellers\ providers through an arbitration, mediation or conciliation body (malfunctioning good, late\ no delivery, etc.).

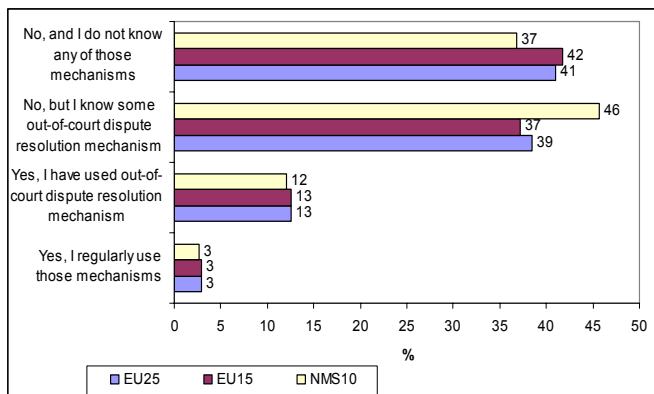


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Figure 63 shows that a large number of retailers do not know of the existence of the ADR mechanisms, and that most of those who know about the mechanisms have not used them. If ADR is to become a more important tool further work is needed to encourage retailers to use it.

Figure 63: Percentage of SMEs that have used alternative dispute resolution to settle disputes with consumers

Q19: Have you already used Alternative Dispute Resolution (ADR) mechanisms (i.e. arbitrators, ombudsmen, conciliation bodies, other out-of-court dispute resolution bodies) to settle disputes with consumers? (Domestically or in other Member States)

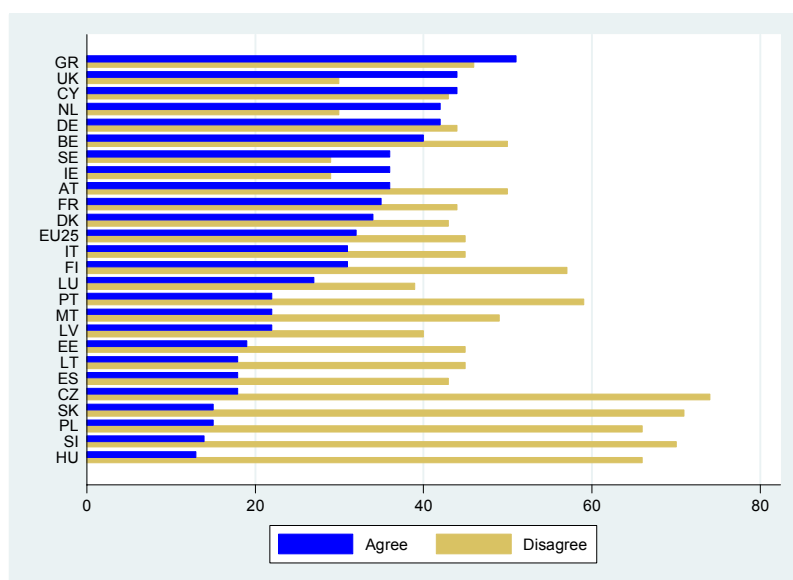


Source: Flash Eurobarometer 186 – Business attitudes towards cross-border sales and consumer protection, 2006

Generally consumers believe dispute resolution through courts is not as easy as through arbitration, mediation or conciliation bodies. Only in Greece do more than 50% of consumers believe resolving disputes through courts is easy, but in a lot of new Member States less than 20% are of that opinion.

Figure 64: Percentage of consumers who agree that it is easy to resolve disputes with sellers / providers through courts

QB28.2: It is easy to resolve disputes with sellers\providers through courts.

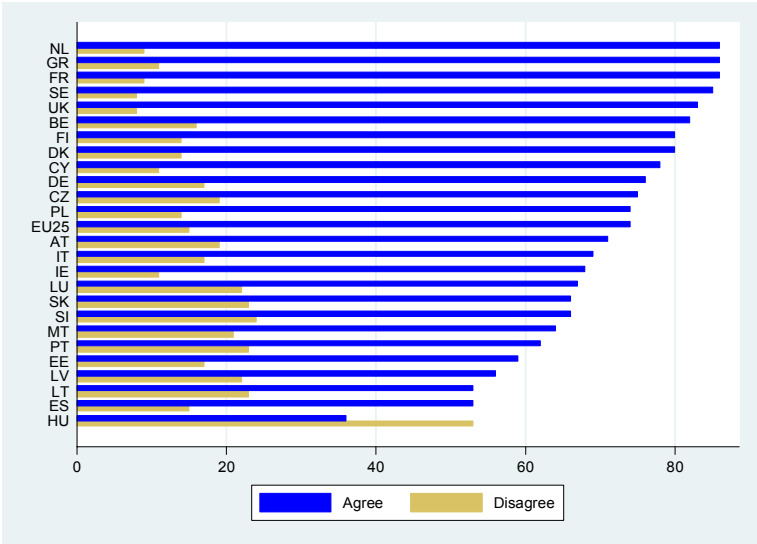


Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

The perception of ease of using the courts might change if consumers could join their complaints with those of other consumers. A majority of consumers throughout Europe (except in Hungary) would be more willing to defend their rights in court if they could join other consumers complaining about the same issue.

Figure 65: Percentage of consumers who agree that they would be more willing to defend their rights in court if they could join other consumers complaining about the same issue

QB28.5: You would be more willing to defend your rights in court if you could join with other consumers who were complaining about the same thing.



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

3.3. Consumer empowerment

Empowered consumers play an important part in making markets function well. They drive competition between suppliers to offer consumers what they want, whether these are low prices, high quality, wide choice or innovative products. Empowering consumers includes providing information so that consumers know their rights. Consumers also need suitable education so that they acquire the necessary skills, attitudes and knowledge to understand consumer information and put it into practice. Hence, empowerment depends on the ability of consumers to look for the relevant information, to filter it and to ponder their purchasing decisions accordingly.

Existing data on understanding safety information, comparison of offers, and internet skills only touch upon a few aspects of consumer empowerment. Additional data should help answering the question of why consumers sometimes fail to act in their own best interest and make the choices that maximise their welfare. Is it because of lack of sufficient information about the range of products, or because they are unable to understand the available information? Clearly more research into the level of understanding of information provided to consumers needs to be carried out. Additional research is also needed with regard to consumer behaviour and attitudes. Are consumers not acting optimally because of behavioural bias such as risk and time preferences? Suppliers may exploit a situation deliberately through information overload, complex pricing, teaser advertising or unjust bundling. Additional EU-wide comparable data on these issues will explain in which of these areas problems remain and show where best practices exist.

Another good overall measure of empowerment is whether consumers perceive that their rights are well protected or not. It is also important to see how well they trust each of the different institutions and parties that play a role in protecting their rights.

The following figures give an overview of how well consumers feel their rights are protected in general, by public authorities, and by providers and with respect to a number of services of general interest. The overall picture shows appreciable differences between Member States, with a large number of consumers in some countries not knowing whether their rights are well protected. Further evidence should seek to explain these differences. The differences between Member States apply to all the services of general interest, though in general consumers feel their interests are less well protected in regard to telecommunications as compared to other services.

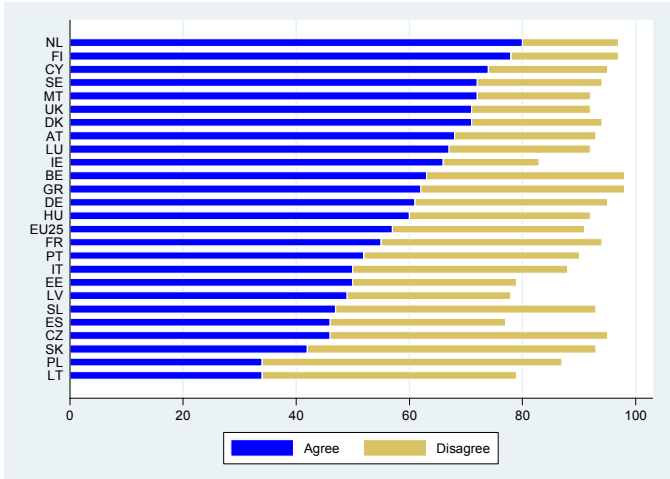
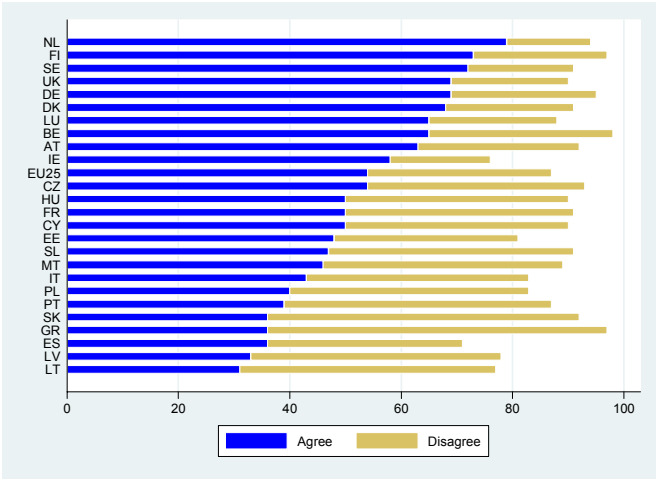
Figure 66 shows that a majority of Europeans are satisfied with their national consumer protection system (54%) and that they trust their public authorities to protect their rights as consumers (57%). Trust is higher in the old Member States (around 60%) than in the new Member States (around 45%). In general the positive perception is higher in north-west Europe than in the south-east. Many consumers in the Baltic States and Spain do not know whether their rights are well protected.

Figure 66: Trust in the national consumer protection system

(in percentages – the remainder is 'don't know')

Q28.6: You feel that you are adequately protected by existing measures to protect consumers

Q28.4: You trust public authorities to protect your rights as a consumer?



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

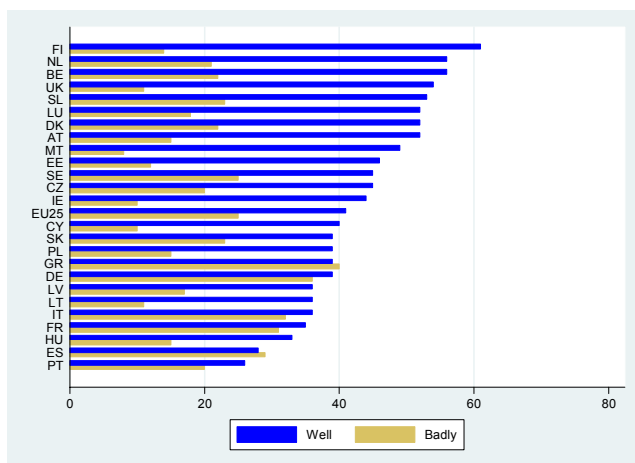
A survey of basic services shows whether consumers feel well protected in relation to 10 sectors: mobile telephone services, fixed telephone services, internet services, electricity supply services, gas supply services, water supply services, postal services, transport services within cities, rail services between cities, and current bank accounts. European consumers feel that their interests are best protected with respect to postal services (70%), water supply (66%) and current bank account (64%) services; they have less trust in internet services or do not know how well their interests are protected.

Figure 67: Perception of Protection of Consumer Interests

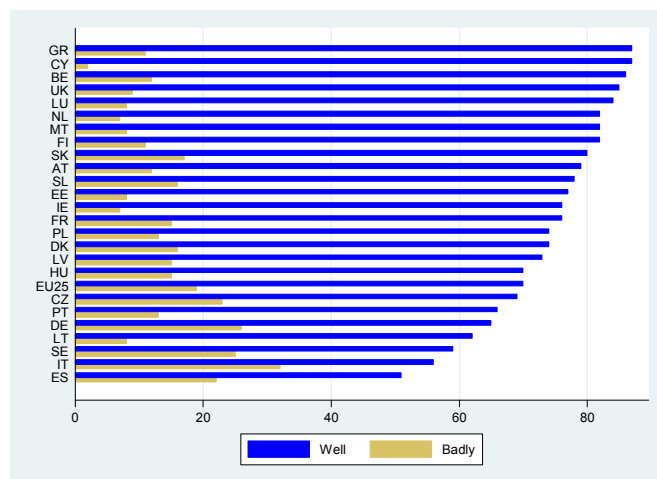
QB14: How well do you think consumers' interests are protected in relation to the following services?

(in percentages – the remainder is 'don't know')

Internet Services (QB14.3)



Postal Services (QB14.7)



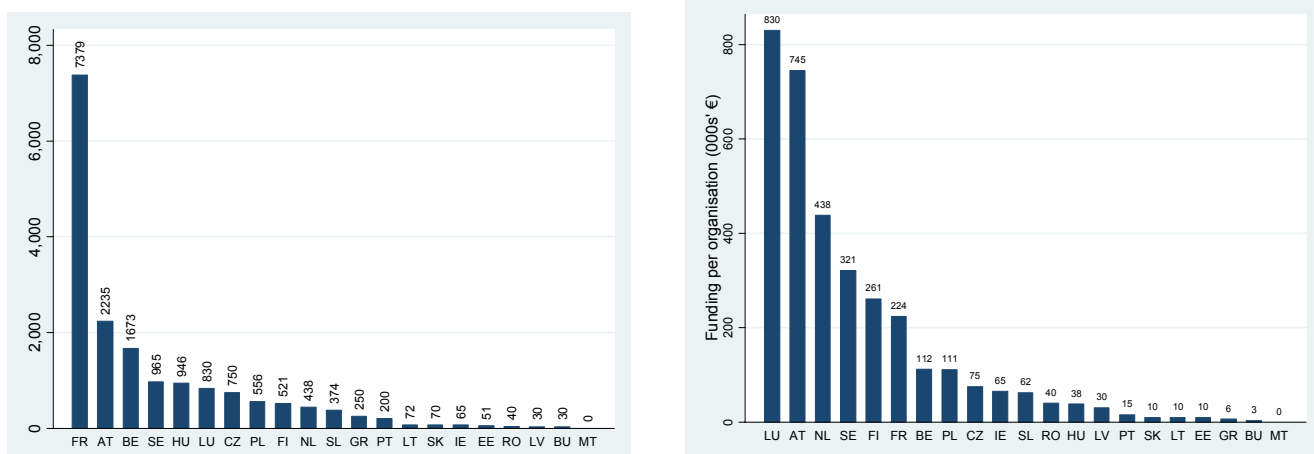
Source: Special Eurobarometer 260 – Services of General Interest, 2007

Consumer organisations play an important role as representatives of consumers and as an independent source of information, advice and help (e.g.: in case of complaints) to consumers. They contribute to making consumers are aware of their rights and enabling them to take advantage of these rights in practice. They also play a powerful role through their work on comparative testing of products and act as 'watchdogs' on the market. . Consumer organisations in Europe are very different in terms of size, background and capacity, depending on different traditions in the Member States. Evidence should show which consumer organisations play this role best and what are their success factors.

As a measure of capacity of consumer organisations, data on public funding of consumer organisations have been collected. However, a more complete picture of the resources of consumer organisations is needed. Data are needed for all Member States and for a longer time span. Are these funds project financing or structural financing? How important are public funds in the overall budgets of consumer organisations?

Figure 68 shows the funding that the national authorities of 21 Member States provide to consumer organisations, including both project funding and operational funding. The left-hand figure shows the total funding received by national consumer organisations in 2006; the right-hand figure shows the average funding per consumer organisation. There are significant differences between Member States, in terms of both total and average funding: the French authorities provide over 7M€ to national, regional and local consumer bodies whereas Bulgaria spent 30.000€ on consumer organisations. It should be noted that funding from national authorities is not the only source of finance for consumer organisations.

Figure 68: Funding provided by national authorities to consumer organisations, Total and Average, respectively



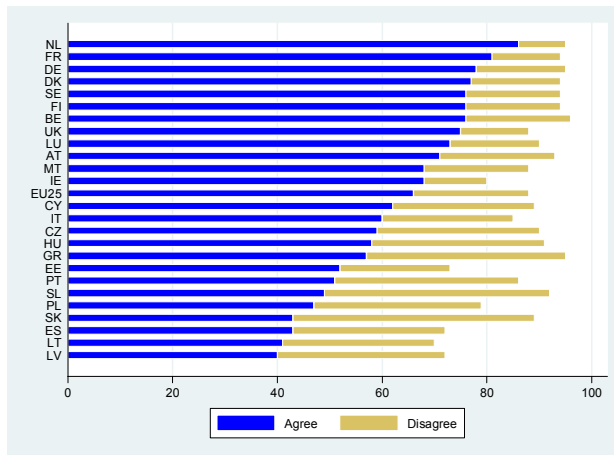
Source: Data provided by national authorities to the European Commission, 2006

Consumers need to be confident in the environment they operate in to play their part in the market to their benefit. People's trust in consumer organisations is therefore an important indicator and one which varies greatly across Member States. Comparing the trust which people have in consumer organisations with the incomplete data on public funding suggests that consumers have the most confidence in national consumer organisations in countries where those organisations receive the highest average funding.

Figure 69 shows that two-thirds of Europeans have confidence in independent national consumer organisations to protect their rights. Trust in consumer organisations is highest in the old Member States and especially in Nordic countries, possibly because consumer organisations are more established in these countries. In the Baltic States and Spain, a considerable number of consumers (up to 30%) do not know whether their national consumer organisations protect their rights well.

Figure 69: Trust in consumer organisations

QB28.3: You trust independent consumer organisations to protect your rights as a consumer? (in percentages – remainder is 'don't know')



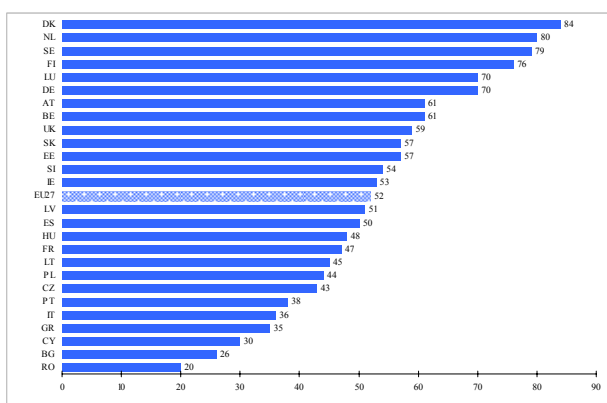
Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006

Consumer Skills and capabilities

There is very little in the way of existing data on the ability of consumers to take advantage of the tools available to them to maximise their own welfare. The data that are available give some insight into this dimension of consumer markets.

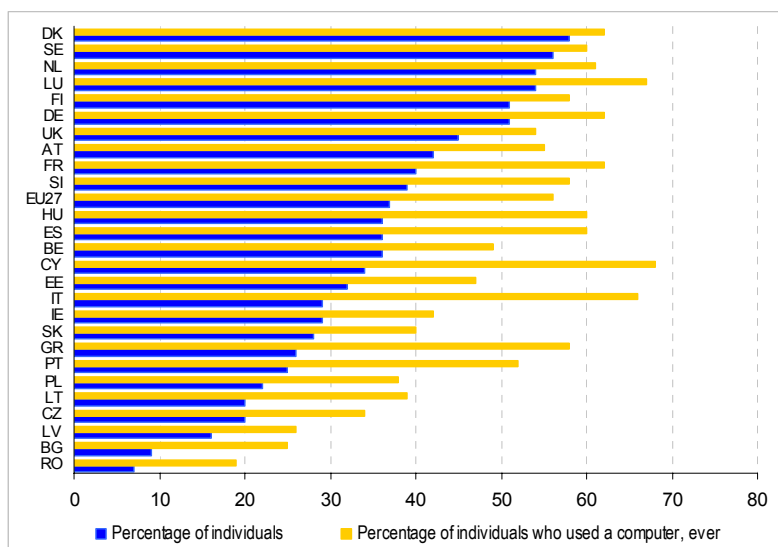
The internet has become a significant tool enabling consumers to seek out better offers. It is also a significant tool which regulators can use to provide consumer information. Figure 70 shows that in reality just over half of EU consumers have used the internet in this way. Figure 71 shows that computer skills among consumers still vary considerably.

Figure 70: Percentage of consumers who have used a search engine to find information



Source: Eurostat, 2006

Figure 71: Percentage of consumers who have connected and installed new devices, eg a printer or a modem



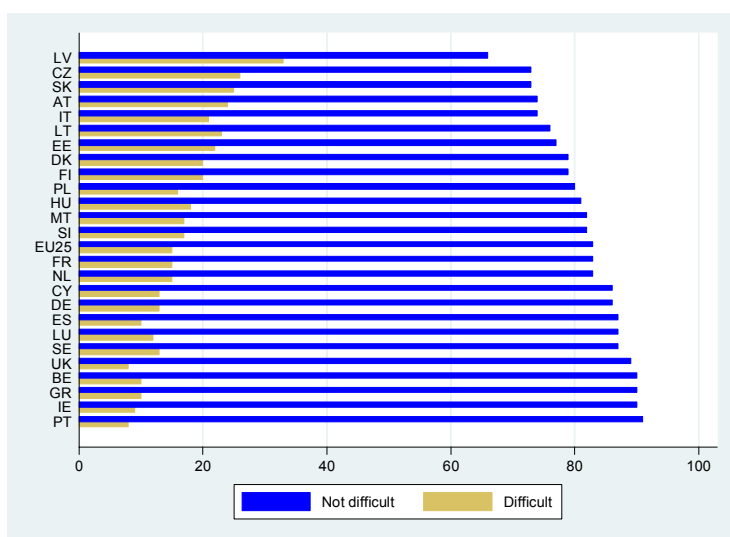
Source: Eurostat, 2006

Figure 72 shows that, over the last 12 months, 83% of Europeans did not encounter any difficulties in understanding safety information related to goods or services they bought.

Figure 72: Understanding of safety information

QB29: In the last 12 months, have you encountered any difficulties in understanding safety information relating to goods or services you have bought?

(in percentages – the remainder is 'don't know')



Source: Special Eurobarometer 252 – Consumer Protection in the Internal Market, 2006