

European Parliament Committee on Internal Market
and Consumer Protection
Working Group on the Digital Single Market

Price comparison tools: potential means for consumer empowerment or confusion?

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About Consumer Focus

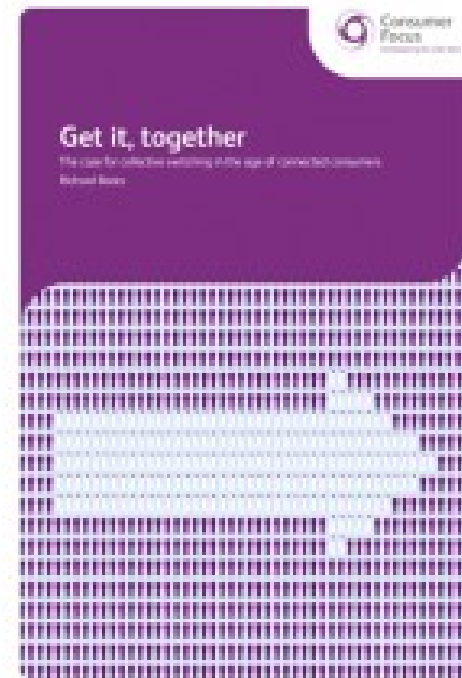
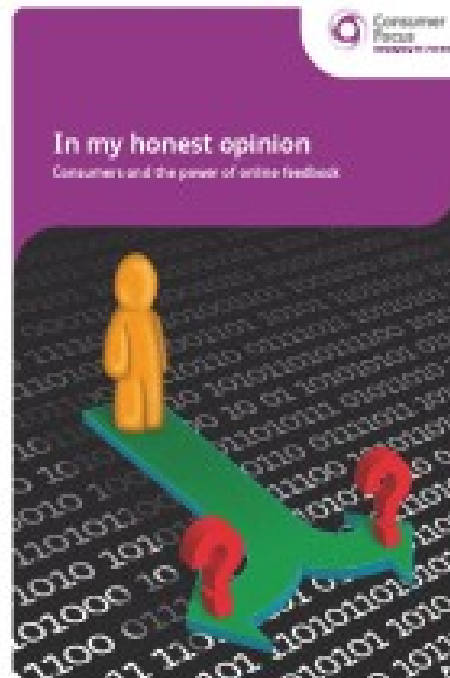
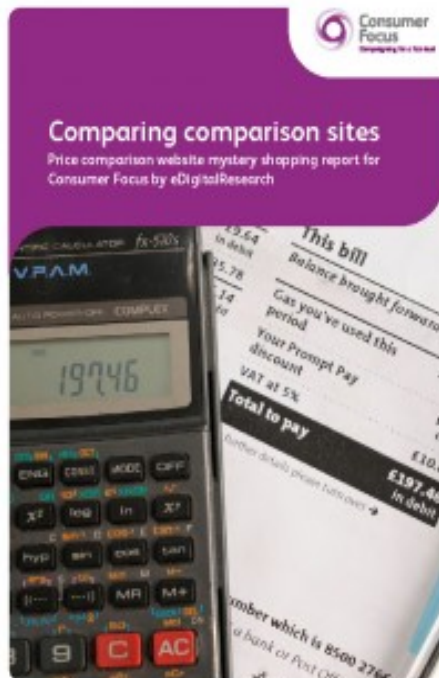
- Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland
- For the past five years we have run a voluntary accreditation scheme for online domestic energy price comparison services (the accreditation scheme moved to Ofgem in March this year)



Confidence Code

About Consumer Focus

- We have carried out extensive research into price comparison tools



Price Comparison Tools (PCTs): the growing UK market trend

Proliferation of PCTs in the market which vary in terms of market segments and business models:

- Generic v sector specific
- Information only versus switching/purchasing sites
- Different information sourcing
- Different finance models

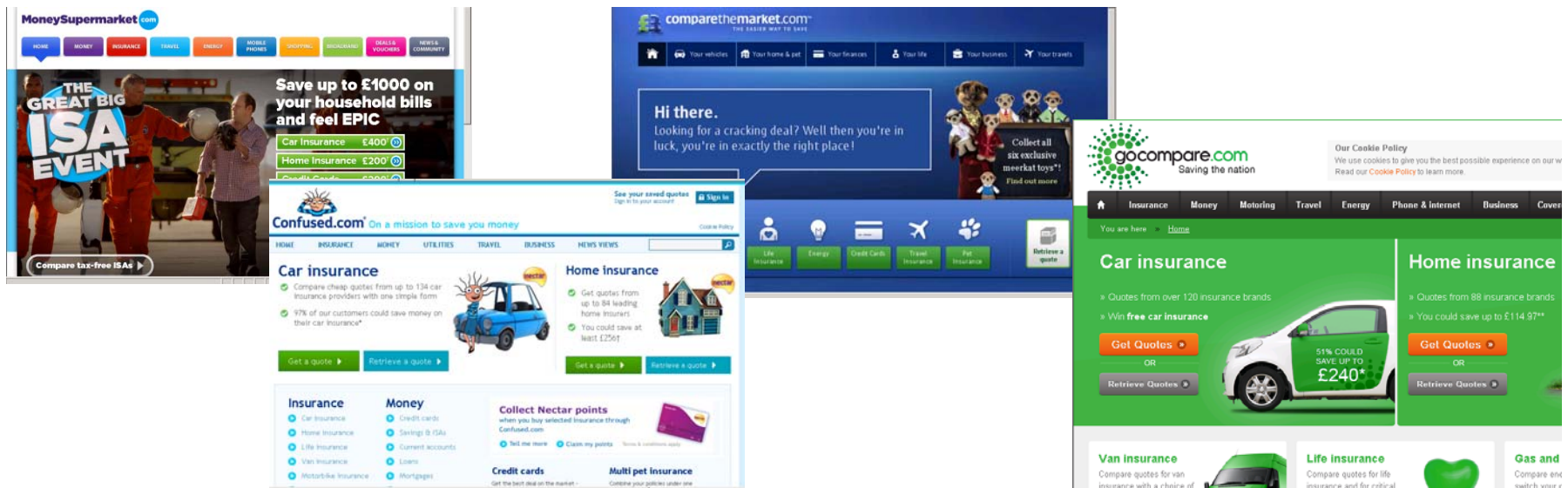
PCTs: the growing UK market trend (cont)

Market innovation and the development of the 'new breed' of PCTs:

- Collective switching sites like the Big Switch
- Group purchasing sites like Quidco, Groupon, Amazon Local
- Data analyser services eg Billmonitor.com
- Price comparison apps

Growing consumer awareness and take up

- 85% of consumers are aware of price comparison websites (PCWs)
- 83% aware of the 'Big Four' (*MoneySupermarket, Comparethemarket, Confused and GoCompare*)



Growing consumer awareness and take up (cont)

- 56% of consumers have used a PCW in the last two years, of these most have compared prices for:
 - Car insurance (81%)
 - Home insurance (50%)
 - Electricity or gas (44%)
 - Travel insurance (32%)
 - Rail fares (31%)
- 52% of consumers who have used a PCW in the last two years have switched or purchased directly through a PCW

Growing consumer interest in alternative comparison models and services

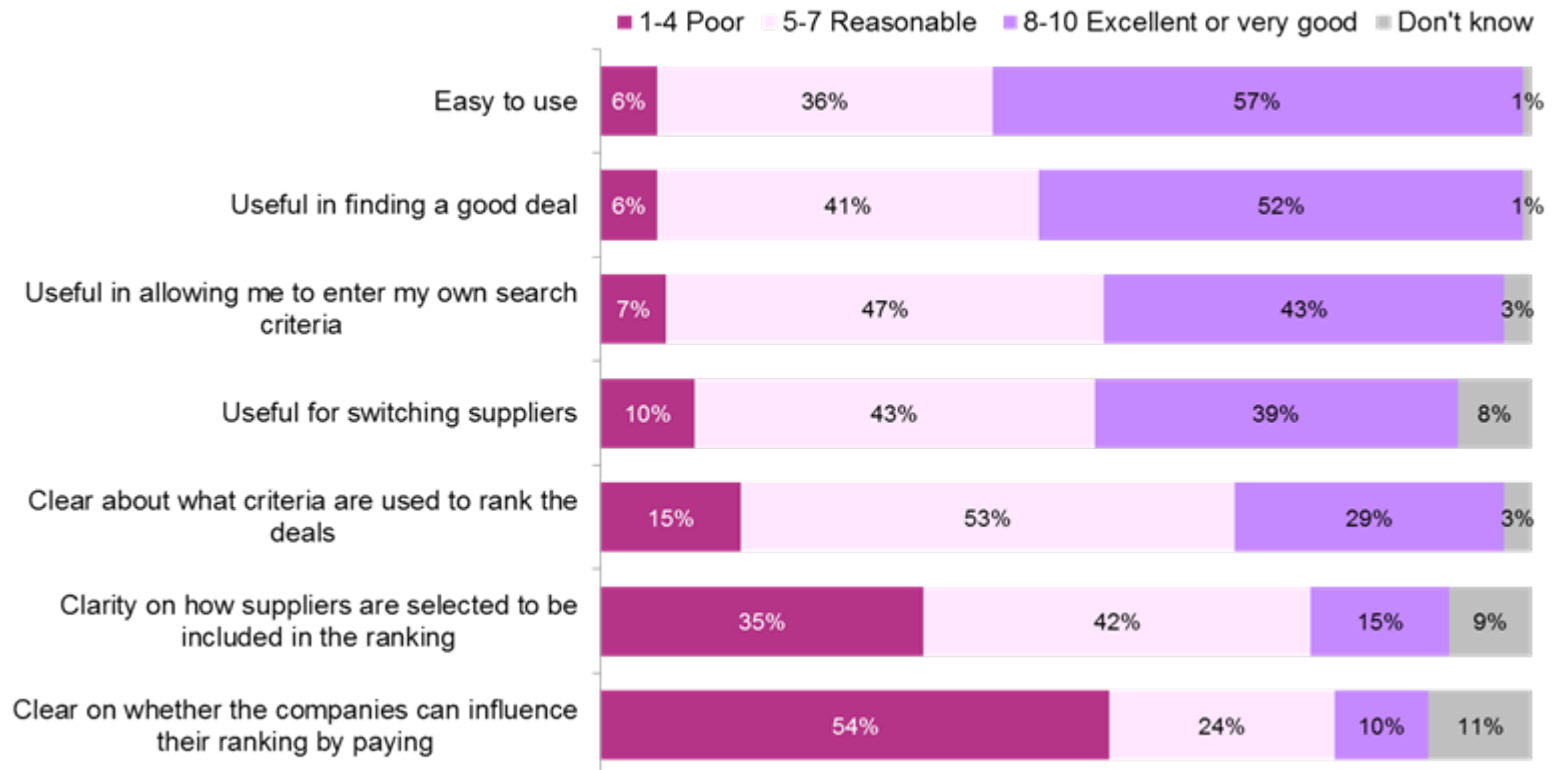
In 2012 the Big Switch collective switching offer in the GB energy market initiated by Which? and the campaigning platform 38 degrees resulted in:

- c 287k consumers registered their interest in the initiative
 - of which c 151k went to provide the requisite information about their current energy tariff arrangements and consumption history
 - of which c 37k have switched to the winning provider and achieved an average saving of £223

PCTs: potential to empower consumers

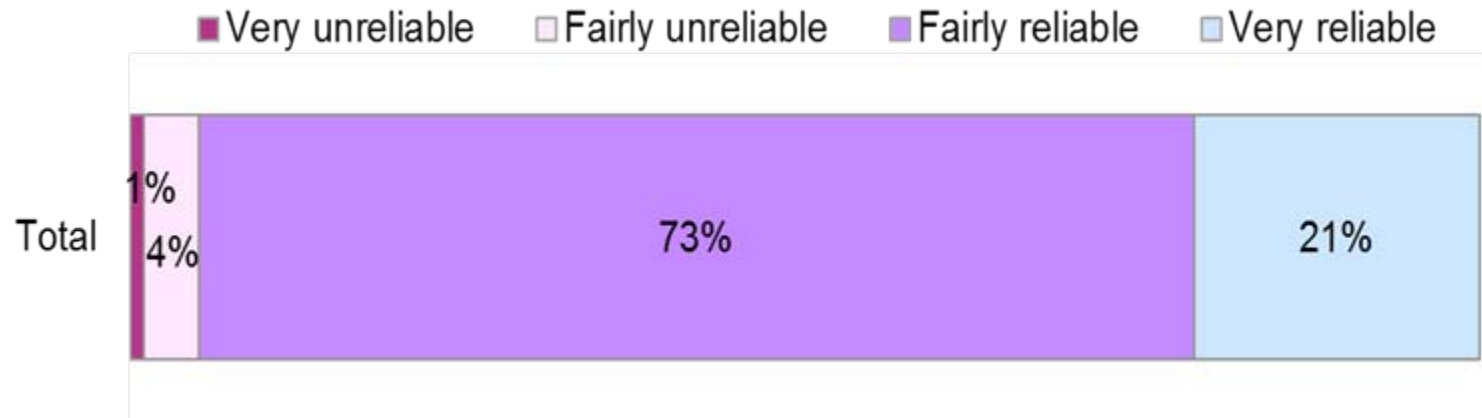
- Save consumers time and money to navigate through proliferation of deals on the market, and the complexity of products and services
- Take the hassle of switching
- Help consumers to understand their consumption needs, and potentially lead to changes in consumption behavior

Consumer perceptions



Base: 980 (All respondents who have used a price comparison website in the last 2 years)

Consumer trust

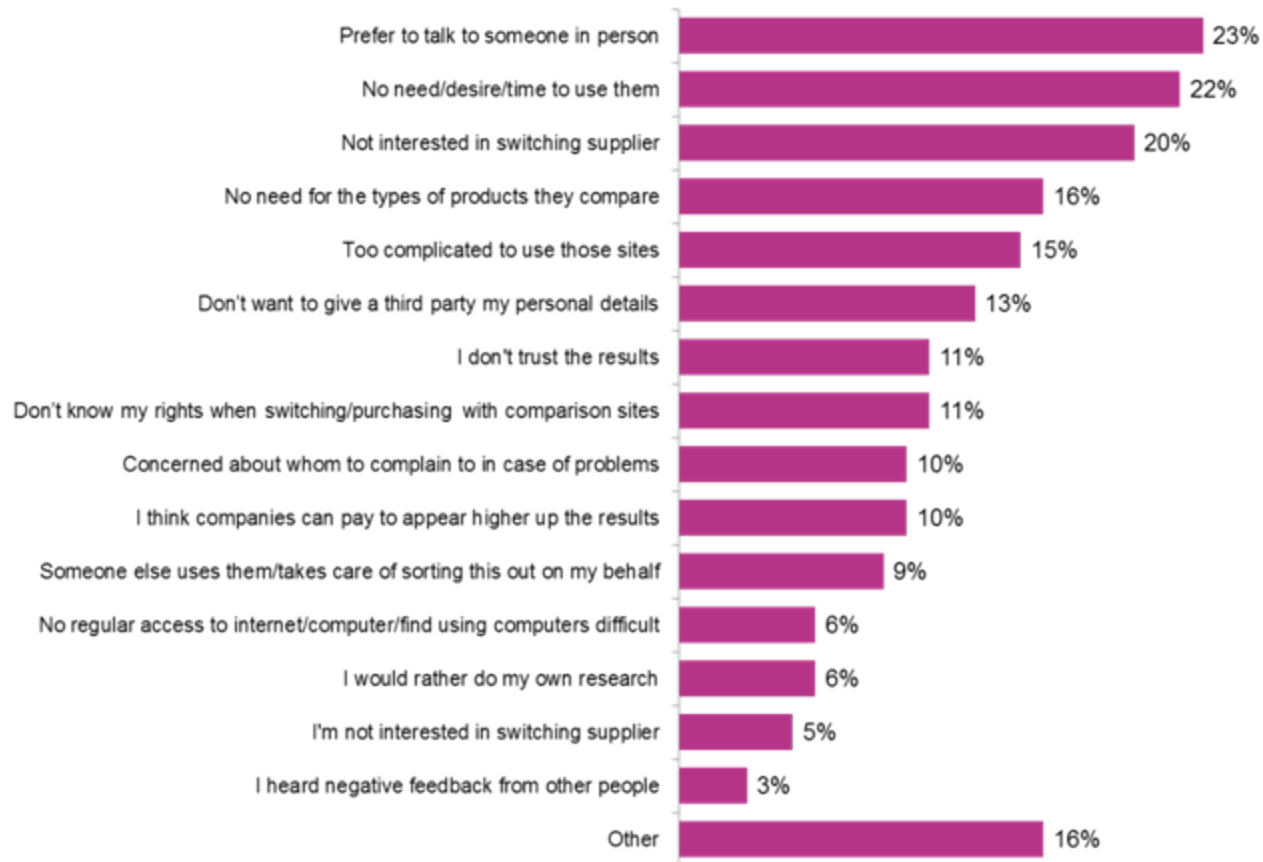


Base: 980 (All respondents who have used a price comparison website in the last 2 years)

PCTs: consumer concerns

- Issues of impartiality, reliability and transparency of the information
- Effective remedies and redress
- Enforcement of consumer protection regulations
- Data protection
- Accessibility and usability

Reasons for not using PCWs



Base: 270 (All respondents who have never used a price comparison website)

Concerns over quality of information

- Some lacked clarity on ordering of search criteria (mobile phone market perceived as most confusing)
- Lack of clarity on costs

Accuracy

Are the cheapest deals for a given scenario actually available from supplier, for the same cost and with the same conditions?

- Very good – 85% of products available on PCWs available on supplier sites
- **But... PCWs don't guarantee money saving (true for only 21%)**
- Variable dependent on market (eg mobile phone – 83% same, but only 36% for rail)

Transparency

Clarity around frequency of price updating, how many suppliers featured, the basis of the relationship, the basis of default listings and fees/charges added if a sale

- Wide market variations (eg energy 'best' performed followed by broadband and insurance, with rail worst)
- Some identified the number of providers compared, and only few said why some providers or products were excluded
- Few explained calculations (none in package holidays, 61% for energy)
- Aside from energy, few gave dates of last price update
- Most good in terms of how income generated
- Varied in terms of presence of a customer complaints policy

Enforcement of consumer protection regulations

The OFT web sweep of 55 PCWs (2012) identified the following concerns:

- Presentation of search results
- The identification of the business operating websites
- Complaints procedures
- Liability exclusions
- Privacy policies

Data protection concerns

- 30% of PWCs users did not use the sites to switch because of concerns over giving personal data*
- 13% have never used PCW because they do not want to give personal data to third parties*
- Lack of opt-out from third party data sharing
- Price dynamic and profile pricing (concerns over social sorting and segmenting that may lead to price discrimination)

Usability and accessibility

- Consumers express desire for PCWs to be more user-friendly
- Address the needs of people who face barriers to online access

Driving up consumer confidence, take up and trust

- Address issues of accuracy and reliability of information of PCWs
- Improve market supervision and enforcement
- Address privacy concerns by strengthening the data protection framework by the proposed legislative draft of the data protection regulation
- Improve usability and accessibility

Thank you

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