

*Briefing paper on consumer confidence  
in the digital environment*

For the European Parliament  
Committee on the Internal Market  
and Consumer Protection

by Civic Consulting

## Structure of presentation

- Expert team
- Methodology
- Main barriers identified
- Conclusions
- Possible EU initiatives

## Expert team

- Team for this assignment consists of Anna Fielder, Frank Alleweldt and Merle Achten
- Civic Consulting has a special focus on consumer protection and internal market issues
- Extensive track record on economic studies, evaluations and impact assessments for EC, EP and other clients

# Methodology

- Literature review
- Interviews with key stakeholders
- Survey of websites
- Focus Groups (CZ, DE, UK)

## Why EU consumers do not e-shop cross border?

- Practical reasons:
  - Access to the internet
  - Refusal to sell and market segmentation
  - Payment methods
  - Search engines and access to pan EU information
  - Language and culture
- Perceptions (“I trust what I know”):
  - Security (fraud and payment)
  - Consumer rights (trading standards and redress)
  - Privacy and data protection
  - Brand reputation

## Why EU traders do not sell cross-border?

- Small traders have barriers of their own:
  - Resources and financial risk
  - Competition from well-established, big brands
  - Culture and traditions
- Different motivations for established brands
- More research is needed

## Can trustmarks help increase consumer confidence?

- Little recognition among consumers
- Little take-up by traders
- Almost no research on their impact on consumers or business
- Some evidence that they could have a positive contribution, but not conclusive

## Could trends in new technologies influence consumer confidence?

- Convergence and increased trend in digital downloads (music, video, software) bring up new barriers:
  - More complex consumer-provider relationships
  - Interoperability
  - Digital contracts and rules of use
- Commerce over mobile phones also likely to reveal new medium-specific confidence issues:
  - Payment systems
  - Security and privacy

## Main conclusions

- Factors that prevent consumers from shopping cross-border have stayed constant despite the rapid e-commerce development
- Other, very practical, barriers are becoming increasingly important – payment systems, search engines, refusal to sell and market segmentation
- Digital contracts and rules will become more important as sales of ‘virtual’ products increase
- Evidence on the consumer and business benefit of trustmarks is not conclusive

## Possible EU initiatives - 1

- Need for addressing a large spectrum of issues:
  - Internet access – promotion and provision of universal access and service
  - Trading standards – solutions to inconsistencies and differences in legislation, and improvement of cross-border redress and information
  - Security and privacy – measures on fraud, security of networks and payment systems

## Possible EU initiative - 2

- Refusal to sell/market segmentation – clarification of liabilities and rights, frameworks for payment systems innovation, research into online business practices
- Consumer awareness and information – improved support for bodies representing consumers; media campaigns; encouragement to industry of further innovation in trust-building technologies