

Consumer Markets Scoreboard



IMCO – 10th February 2011

Consumers stimulate economic growth

- Increased demand
 - Consumer spending represents 56% of EU's GDP.
- Stimulating innovation and efficiency
 - Consumers who have the necessary tools and skills to understand the complex choices given to them reward efficient and innovative providers with their business.

Economic research, rewarded with the 2010 Nobel prize (Diamond, Mortensen & Pissarides "for their analysis of markets with search frictions"), reveals that:

*"Even small search costs turned out to generate a radically different outcome compared to the classical competitive equilibrium. In fact, **equilibrium prices** are equal to the price which a **monopolist** would have set on a corresponding market without search costs."*

Consumers stimulate economic growth

- Stimulating innovation and efficiency
 - Consumer led innovation (“prosumers”) as well as personalized products and services are growing in popularity. Information on consumer preferences encourages businesses to launch new goods and products.
 - Sustained enforcement maintains consumer confidence in markets.
- Consumer welfare should be at the centre of the Single Market
 - Increasing complexity of offers, obfuscation (too much information), asymmetric information, behavioural biases, unfair and deceptive commercial practices, non-compliance with legislation => higher risk of consumer detriment.
 - Detriment estimated at approximately 0.3% of EU’s GDP.

Consumer Markets Scoreboard

Autumn Scoreboard (4th edition October 2010)

1. Detect potentially malfunctioning markets, for in-depth analysis

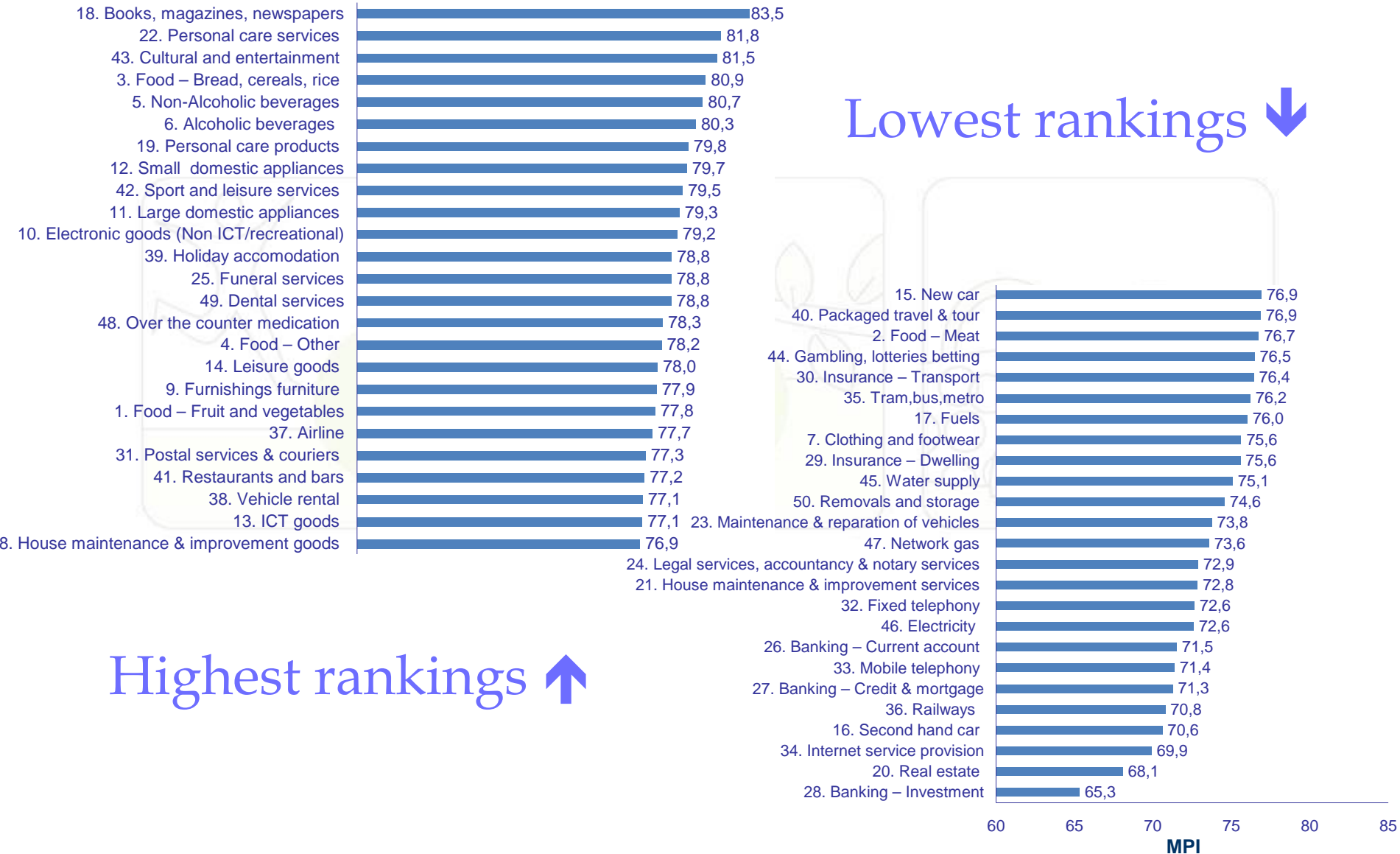
Spring Scoreboard (3rd edition March 2010)

2. Track the integration of the retail internal market and the development of cross-border e-commerce
3. Benchmark national consumer conditions

4th Consumer Scoreboard

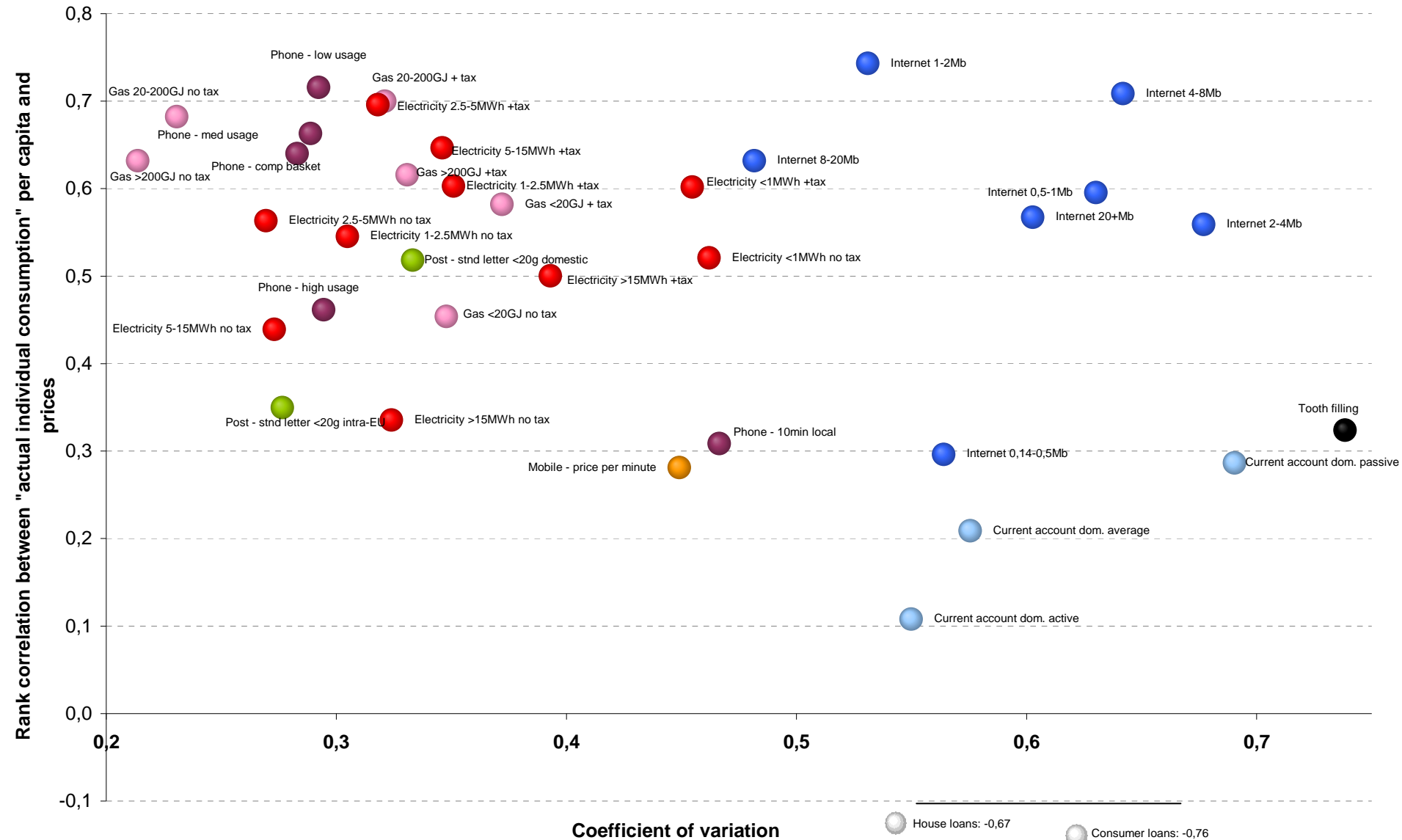
- Published 22nd October 2010
- Ranks 50 markets (covering over 60% of consumer expenditure) across 27 EU Member States.
- Market Monitoring Survey => consumers with recent purchase experience
 - Indicators: comparability of offers, trust in providers to comply with consumer legislation, switching, problems & complaints, satisfaction,
- Prices – analysis of EU variation & adjustment to spending power
- Other indicators: complaints collected by MS, safety.
- Phase 2: in-depth studies => specific tools; proposed solutions
 - “Internet service provision” & “meat market”

MPI EU27 per market (Countries weighted according to population)





4th Consumer Scoreboard: Price divergence



4th Scoreboard: Follow-up

- Two **market studies** will be carried out
 - **Internet Service Provision:** focusing on Scoreboard results (high number of problems, low comparability, low trust, high frequency of complaints, etc.)
 - **Meat Market:** the study will cover consumer trust, consumer experience concerning prices, quality, safety and healthiness of meat products, behaviour of the main market players in terms of compliance with consumer protection rules
- Member States were encouraged to focus **enforcement priorities** on markets which are ranked poorly at the national level
- EU representatives of business were invited to **discuss the results**, in order to improve performance or to disseminate best practices
- Implementation of the Recommendation for the harmonized classification of consumer **complaints**.
- Collaborate with EUROSTAT and national statistical offices to extend the number of comparable and representative **prices** included in the Scoreboard.

Scoreboards: Follow-up

- Studies launched by previous Scoreboards
 - Prices of **current accounts**: published 2009; showed that opacity is linked to higher prices; basis for initiatives at EU and national level;
 - Study on **retail investments** from a behavioural economics perspective:
 - Published November 2010; less than 2 in 100 consumers made all investment choices optimally; almost 3 in 5 consumers rely on advice; will be integrated into DG MARKT work on PRIPs (packaged retail investment products)
 - **Electricity** study:
 - published in November 2010; EU consumers could save 13 billion Euros by switching to the cheapest electricity provider; switching is very low
 - **E-commerce** study:
 - Great potential for savings and choice goes unfulfilled; retailers refuse 6 in 10 cross-border online orders; Commission communication with recommendations

Thank you for your attention!



More information:

http://ec.europa.eu/consumers/strategy/facts_en.htm