

European Consumer Consultative Group

Update on Consumer Policy

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Digital Single Market - Implementation

Better online access for consumers and businesses

- 09/12/2015: Adoption of the Digital Contracts Proposal
- 09/12/2015: Draft Regulation on cross-border portability of digital content
- January 2016: Launch of the ODR Platform
- 25/05/2016: "DSM e-commerce package" composed of an initiative on cross-parcel delivery, the review of the Consumer Protection Cooperation Regulation and the geo-blocking instrument
- Second-half of 2016: 2nd package on copyright

Creating the right conditions and a level playing field for advanced digital networks and innovative services

- Adoption of the Data Protection Reform
- June 2016: Communication on the assessment of the role of platforms
- June 2016: Review of the Audio-visual Media Services Directive
- Second half of 2016: Review of the Telecoms Framework

Study on consumer vulnerability across key markets in the European Union

- Literature review, stakeholder interviews and consumer survey covering 28 Member States + NO and IS.
- In-depth interviews and behavioural experiments in 5 Member States (DK, LT, PT, RO, UK)
- Particular focus on 3 markets: energy, financial services, online environment

Main contributions

- This study provides a **new definition of consumer vulnerability**, a **methodology for measuring it** and **fresh insight into the actual patterns of consumer vulnerability** in key markets.
- Particularly relevant for consumer policy, e.g. UCPD Guidance and the REFIT of the consumer acquis as it brings new evidence to refine the understanding of the key concepts of “average” and “vulnerable” consumer.
- Also relevant for sector-specific policies, such as in the energy sector.

Study on consumer vulnerability across key markets in the European Union – key findings

Consumer vulnerability is most frequent when consumers face complex marketing and are unable to select deals

- ➔ When presented with complex offers representing existing marketing practices in behavioral experiments, 37% of consumers on average are not able to select the best deal (as high as 78% in one experiment)

Most consumers can become vulnerable, depending on their circumstances and situation.

- ➔ 80% of consumers show some sign of vulnerability, around 10% show sign of vulnerability on more than two of five vulnerability dimensions.

As consumer vulnerability is multi-dimensional, so is the impact of personal characteristics on the likelihood of being vulnerable as a consumer

- ➔ Characteristics like age and gender can increase vulnerability in some situations, but not in others.

Study on consumers' attitudes towards online Terms and Conditions (T&Cs)

- Experimental study covering 12 EU Member States
- Investigating the effects of **shortening and simplifying T&Cs** on readership and understanding and of **adding quality cues** on consumers' trust in the T&Cs.

Increasing readership and understanding

- Readership of (parts of the) T&Cs are significantly higher when consumers are forced to scroll through them (78%) than when it is optional (9.4%).
- Shortening and simplifying T&Cs results in improved readership, better understanding and a more positive attitude towards the T&Cs.
- Adding a reading cost cue (stating how long it takes to read the T&Cs) increases the number of consumers opening the T&Cs from 9.4% to 19.9%.

Study on consumers' attitudes towards online Terms and Conditions (T&Cs)

Creating effortless awareness

- Quality cues affect trust and purchase intentions on domestic as well as foreign online stores (for both existing and non-existing online stores).

Quality cues with positive effect:

- Endorsement by a national consumer organisation
- Endorsement by a European consumer organisation
- Positive customer feedback (weakest effect)

Trusted most on domestic website:

National cue



Trusted most on foreign website:

European cue



Question to ECCG: Do you think such consumer organisation endorsements of Terms and Conditions is a viable / feasible option to help consumers become more aware of the quality of T&Cs?

Study on the impact of online marketing on children's behaviour

- Literature review, regulatory review and in-depth analysis of games covering EU28 + Norway and Iceland.
- Focus groups with children and parents and a survey with parents in 8 Member States.
- Behavioural experiments with children in 2 Member States.

Key conclusions

- Online marketing to children is widespread, and the various marketing techniques used are not always transparent to the child consumer.
- Most of the games analysed in the study contained embedded or contextual advertising, and in-app purchases were offered in a most of the games provided by large platforms (Apple, Google and Facebook).
- The games analysed contained few protective measures. The measures present were directed at parents (privacy policies, terms of usage and parental control tools).

Study on the impact of online marketing on children's behaviour

Key conclusions (cont.)

- Online marketing has direct influence on children's behaviour, often without them being aware.
- Parents not very active in regulating children's online behaviour, see government regulators and online industry as having important co-responsibility for protecting their children.

Example from experiment:

Children who played an online game promoting energy dense food ate more candy during game play than children playing an online game promoting a toy brand, all else equal.

Behavioural Study on marketing practices in Online Social Media

- Focus: problematic marketing practices in online social media
- Landscape providers & business models in Europe, map & assess marketing practices, behaviourally test key drivers and policy remedies
- Please let us know of concerns with marketing through social media in your countries, plus any relevant studies or publications that you have carried out or would recommend

Multi-stakeholder Groups on comparison tools and green claims

- *The work of both Groups are feeding directly into the update of the UCPD Guidance*
- *On green claims:*
 - **September 2015: Publication of in-depth consumer market study on environmental claims (non-food)**
 - **January 2016: Finalisation multi-stakeholder advice "Compliance Criteria on Environmental Claims"**
- *On comparison tools:*
 - **March 2015: Publication of dedicated study**
 - **February 2016: Finalisation "Principles for Comparison Tools"**

Publication in due time, possibly together with UCPD guidance

Study on the Functioning of retail electricity markets for consumers

Revisits the **2009-10 study**

Assesses impact of recent **legislation**

Investigates market improvements in terms of **price, choice, comparability, switching, quality and access, innovation and protection of vulnerable consumers**

Provides insights into consumer behaviour in the energy market, looking at i.e. **complexity of offers**

Methodology:

- Literature review, stakeholder interviews and consumer survey covering 28 Member States (+ NO and IS).
- Price Collection;
- Mystery Shopping in 10 Member States (CZ, FR, DE, IT, LI, PL, SI, ES, SE and UK);
- Behavioural experiments in 10 Member States (CZ, FR, DE, IT, LI, PL, SI, ES, SE and UK);

8th Citizens' Energy Forum – conclusions and follow-up

- *Making the New Deal for Energy Consumers a reality*
- *Ensuring a socially responsible and inclusive Energy Union*
 - *by establishing the appropriate framework for consumer engagement and protection*
 - *by eradicating energy poverty and enhancing protection of vulnerable consumers*
- *Developing a common vision of a consumer-centric energy markets*

REFIT of consumer & marketing law

- January 2016 – the Fitness Check was initiated with the publication of a detailed "Roadmap".
- Three external expert studies have been launched.

Next steps:

- Spring 2016 – publication of the online public consultation (12 weeks) and setting up a stakeholder consultative group.
- July 2016 – first results of the specific study on consumer sales and guarantees – to feed the current negotiations on the Digital Contracts proposals.
- 17-18 October 2016 – Consumer Summit dedicated to the Fitness Check.
- Before summer 2017 – Commission report with the announcement of the follow-up actions.

Current standing: UCPD Guidance

- March: decision taken to detach the revision of the UCPD Guidance from the review of the CPC Regulation.
- Background: need to ensure full coordination between the online Chapter of the UCPD Guidance and the upcoming Commission Communication on platforms.
- The Commission Communication on platforms will be a first follow-up to the platform consultation. Expected by June 2016.
- Plan: the updated UCPD Guidance to be published together with the Communication on platforms.

Status of the CPC Regulation review process



Annex of the CPC Regulation

Possible inclusion of additional laws:

Article 20 of the Services Directive

Regulation on railway passenger rights

Regulation on rights of disabled persons when travelling by air

Articles 22-24 of Regulation on common rules for operation of air services

Financial services legislation

New digital contracts initiatives

New initiative on geo-blocking

"Promoting Vibrant Marketplaces" Conference, Prague, 15 April 2016

*- Brief description and outlook of what is
expected*

By Ursula Pacht, BEUC