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Consumer Confidence in the Digital Environment

Briefing Note

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Executive Summary

The purpose of this briefing paper is to assess the main barriers that prevent consumers from buying goods and services from other member states, assess whether trustmarks or new technologies have an impact on those barriers, as well as identifying measures that could be taken to encourage European consumers to take full advantage of the internal market by buying goods and service online from other countries. To achieve this objective, some original research was carried out in addition to the review of available recent evidence. Main findings include:

- Despite a rapid expansion in e-commerce throughout the EU, the main barriers that limit consumers from purchasing goods and services from another member state have stayed fairly constant; the top ones continue to be access to the internet, as well as consumer confidence regarding security, redress and trading standards, and data protection. But language and culture remain as very important factors;

- Other barriers are becoming increasingly important as the e-commerce continues to grow, related both to technologies and trader practices; these include in particular access to pan-EU product and service information, trader refusal to sell cross-border and trader market segmentation;

- There is very little take-up of the existing Trustmarks by business and almost no research on the impact that Trustmarks have on consumer confidence. The jury is still out on how much value-for-money there would be in reviving a pan-European Trustmark initiative;

- Mobile commerce as it develops is likely to both re-inforce existing confidence issues, and reveal new ones, specific to the medium, in particular related to security, privacy and payment systems;

- In considering measures that would help increase consumer confidence in the internal e-commerce market, top areas (of the many) to be addressed include Internet access, Internet security, inconsistent regulation, internal market segmentation, and more effective access to cross-border advice and redress.

1. Introduction

The free movement of goods and services is one of the cornerstones of the single market. For consumers this should mean, in practice, increased competition leading to lower prices, a wider choice of things to buy and a higher level of protection; for businesses it should mean a much easier and cheaper means to do business across borders[1].

In this context, consumer confidence is considered as one of the key elements in the efficient functioning of the internal market, while e-commerce is an essential tool in promoting it, due to its unique potential for large-volume cross-border transactions in goods and services. Consequently several initiatives have taken place since the late 1990s, both public and private, on the EU level and within member states, to enhance consumer confidence and facilitate cross-border e-commerce. In addition to the relevant body of EU-wide legislation, these have included measures for enforcement and redress (in particular the now-merged European Consumer Centres and European Extra-Judicial networks, and the Regulation on consumer protection co-operation) and a number of initiatives related to e-traders codes of conduct, trustmarks and alternative dispute resolution (ADR).[2]

However, quantitative results from two recent Eurobarometer special surveys[3] show that despite increased access to the Internet and rapid development in Internet shopping across the EU, only 6% of EU citizens have used the internet to shop cross-border[4].

The main objective of this briefing paper is to identify the current barriers that prevent consumers from purchasing goods and services from another EU member state, as well as identifying measures that could be taken to remove them. Specifically the paper will address the following questions:

- The Commission's staff working document 'Consumer Confidence in E-Commerce: Lessons learned from the e-commerce initiative (SEC(2004) 1390) lists several factors which limit consumer confidence in purchasing products on-line. Given the rapid development of the e-commerce sector in recent years, are the Commission findings still valid? Has the importance of the identified factors changed in the last years? Are there any new factors, which were not taken into account?

- To what extent could a trustmark or rating system help to enhance consumer confidence in e-commerce? What is the experience with using existing trustmark schemes and what could be done to improve them? To what extent are existing schemes known and understood by consumers? Are they taken into account in making on-line buying decisions?

- What are the trends in new technologies, which could influence consumer confidence in the digital environment – particularly mobile commerce – and what influence (technological, legal) will these have?

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[1] http://ec.europa.eu/internal_market/top_layer/benefits_en.htm, accessed 12 Jan 2007

[2] European Commission (2004). Commission Staff Working Document, Consumer Confidence in E-Commerce: lessons learnt from the e-confidence initiative, SEC(2004) 1390

[3] Eurobarometer (2006). 254 Internal Market, October 2006 and 252 Consumer Protection in the Internal Market, September 2006

[4] The situation varies considerably between countries, see Eurobarometer as above. Forrester Research predicts that in the next 5 years the number of Europeans shopping online will grow from 100 million to 174 million; overall this will cause European e-commerce to surge to Euro 263 billion in 2011: http://www.forrester.com/Research/Document/Excerpt/0,7211,38297,00.html, accessed 23/12/2006

In order to answer these questions relevant studies and research post 2004, if any, were reviewed, and a limited amount of original research, possible in the time available, was carried out. This consisted of interviews with some of the key stakeholders[5], a small-scale survey of websites of online traders, and three qualitative discussion (or focus) groups with experienced online shoppers, held during December 2006, in the Czech Republic, Germany and the UK. The focus groups were conducted for Civic Consulting by a market research company, Opinion Leader.[6]

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[5] See Annex 2

[6] For summary of the focus group discussions and results see Annex 1; Reasons for selecting the countries were: UK – highest percentage of people purchasing via the Internet; Czech Republic – small market, highest level of confidence regarding cross-border online shopping, but only a small percentage actually doing so; Germany – very large market

2. Barriers to online cross-border shopping

2.1 Consumers

Relatively little general research and analysis of issues related to consumer trust in business to consumer (B2C) e-commerce have been carried out since 2004. More sector specific studies are now prevalent, for e.g. related to issues of Internet security (in particular identity theft). Surprisingly, while issues of demand-side trust and confidence in internet shopping have been exhaustively analysed in earlier studies, very little evidence-based research can be found on supply-side attitudes and practices in cross-border e-commerce, with the result that there is a reasonably good evidence base on why consumers do not shop cross-border, but not enough knowledge on why EU countries-based traders do not market and sell to consumers in other EU countries (supply side attitudes are addressed in section 3.2 below).

Studies on consumer behaviour online highlight the importance of perceived risk and the close relationship between perceived risks and trust. Nina Lim[7] gives a useful summary of consumer perceived risk categories (e.g. financial; time-loss; physical; privacy; etc) and makes the distinction between 'consequences' related to perceived risks (i.e. what consumers think they will suffer as a consequence of their actions) and 'sources' of perceived risk (i.e. the causes of these perceptions – e.g. perceived privacy risk can be caused by fear of identity theft; financial loss can be caused by fear of non-delivery). These 'sources' of perceived risk are more useful to Internet vendors, as it helps them take appropriate measures. These assumptions were tested through qualitative research, which confirmed the sources of consumer perceived risk to be related to technology, vendor and product.

Another study[8] confirms the technological dimension and identifies other key factors related to trust in the B2C e-commerce: perceived market orientation (i.e. nature and impact of marketing, customer service levels, etc), site quality (i.e. design, brand, business reputation) and user's web experience. The authors rank positive 'word of mouth', partnerships with well-known business partners and money-back warranties as the top three effective risk reduction tactics for vendors.

A number of studies related to web-credibility and trust have been published by ConsumerWebwatch.org[9] between 2002 and 2005. Studies surveying consumer expectations of e-commerce sites and how people (consumers and experts) evaluate them found that consumers do not practice what they preach. Their expectations of sites, in terms of policies and practice, are extremely high, but in real life situations they pay more attention to the superficial aspects of a site, such as its design. In contrast, experts are more interested in the quality and depth of information on a site.[10] A more recent survey of 1,501 US based adult Internet users[11] reveals that they have become more demanding of web sites, less trusting and – most importantly – adjusting their behaviour in response to what they see as very real threats in the online world. Specifically nine out of ten have made changes to their behaviour due to fear of identity theft and, of those, 30% say they have reduced their overall use of the internet, while 25% say they have stopped buying things online. Despite these fears about identity theft, some online shopping and auction sites have successfully built trust with users.

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[7] Lim, N. (2003). Consumers' Perceived Risk: sources versus consequences, Elsevier, Electronic Commerce Research and Applications, 18 April 2003

[8] Trust and e-commerce: a study of consumer perceptions, Brian J.Corbitt, Theerasak Thanasankit, Han Yi, Elsevier, Electronic Commerce Research and Applications, 18 April 2003

[9] Programme of the US Consumers Union, see www.consumerwebwatch.org

[10] A Matter of Trust: What Users Want From Web Sites; How do People Evaluate a Web Site's Credibility? Oct 2002; both downloadable from www.consumerwebwatch.org

[11] Leap of Faith: Using the Internet Despite the Dangers, Oct 2005, available at www.consumerwebwatch.org

On the EU level the major, more recent, studies covering issues of consumer trust include the European Consumer Centres (ECC) annual report[12], and the two Eurobarometer quantitative surveys, mentioned earlier, analysing consumer views and experience in the EU25 relative to aspects of the internal market.[13].

On the whole, both surveys agree with the findings of the earlier Commission working paper of 2004, giving similar reasons for lack of consumer confidence in shopping cross-border, related to technology, trader and product risks:

- Payment security and fraud
- Delivery
- Quality and safety of products
- Redress (e.g. guarantees, returns and refunds, transparent pricing)

The ECC report is based on actual consumer complaints related to shopping cross-border[14] and lists delivery problems as the number one cause for complaints, followed by problems with products, prices and contracts, though the numbers for those are relatively minute.

Other significant and more real barriers highlighted in the Eurobarometer surveys include lack of access to the internet at home, language – and what seems an important emerging problem – refusal of traders to sell cross-border. Both surveys also highlight outright rejection from a majority of EU consumers to even consider shopping cross-border[15] and an astonishingly high lack of knowledge among EU consumers related to consumer protection issues in the internal market[16]. Only a tiny fraction know where to get advice or heard about institutions that are in place for this purpose, such as the European Consumer Centres[17]. One conclusion of the analysis in the surveys points to the relation between internet penetration and willingness to shop cross-border via the internet; another conclusion is socio-demographic – the groups that tend to state that not having internet access at home is a main barrier, are those aged 55 or over, those with low levels of education, manual workers, house persons, the unemployed and the retired.

Overall the picture that emerges from the views of Europe’s citizens on internet e-commerce is firstly that of a digitally divided Europe, with a high proportion of consumers particularly in the southern EU countries and new member states still not connected to the internet and therefore unable to even contemplate shopping on it in any form; second there is a very significant lack of knowledge concerning EU harmonisation of consumer protection legislation across the EU – people do not know that all EU member states have to have minimum rules regarding guarantees, cooling-off periods and standards of goods and services, or where to get advice and help if things go wrong.

To verify the mentioned studies and survey findings, three focus group discussions in UK, Germany and the Czech Republic took place in December 2006. The results both confirm and re-inforce the barriers indicated in the studies. The groups had as main objective to explore in more depth consumer barriers to cross-border shopping.

For this purpose, all were asked to attempt to buy from another country both ‘virtual’ (e.g. software) and ‘real’ goods (e.g. a book) of their choice before coming to the group; part of the group discussions focussed around this experience[18]. There was a remarkable similarity of opinion between the three countries focus groups (see box on the next page).

[12] The European Online Marketplace: Consumer Complaints 2005

[13] See note 3

[14] The overall numbers of cases reported to the ECC network is still very small, a total of only 3,780 across the EU, of which 1,834 were complaints and disputes, see page 17, nevertheless it gives a good foresight into existing and potential problems

[15] Eurobarometer (2006). Eurobarometer 254, section 3.2.1, 44% will certainly not consider buying cross-border, and 17% unlikely to do so

[16] Eurobarometer 254 – on average 64% of Europeans do not know or are wrong about their rights when shopping across the EU

[17] Eurobarometer 254 6.3 – 69% of consumers have not heard of assistance services; ECC have a recognition level of 11%

[18] See Annex 1 for a full summary of the discussions

Consumer Barriers – conclusions of focus groups in UK, CZ and DE

- **Language (and culture)**. All three groups went to 'e-shop' in either neighbouring or same-language countries, in particular the UK group veered to non-EU sites in the US or Canada; the German group also did not necessarily distinguish between UK English-language sites and US English-language sites. Perhaps not surprisingly, language was more of an issue for the Czech and German participants than the UK group. However, participants in the English group were also familiar with using internet-based translation systems (such as the one in Google) and made use of them, e.g. on Italian travel sites. Even when participants spoke a foreign language, they were concerned with understanding the technical terminology in the offered terms and conditions (e.g. regarding air tickets).

- **Search Engines**. The site rankings of the search engines and the language of the search seem to play a vital role in determining which sites consumers choose and what country they 'visit'[19]. And cookies seem to play their role too: *"Right. I went there via Google [.com]. There they offered me something German, but I decided to stick with the English. And I saw that they immediately offered me a German site…". "Q: And did they direct you straightaway to the German site? A: Immediately. I was only on the German site. It seems to be a special service."* (Two participants, Germany)

- **Cross-border delivery**. Sites were also criticised for their unwillingness to deliver cross-border (and this may not be made clear at the start of the process); this was true both of products that needed delivery and of 'virtual' products, for example a Czech participant could not buy a ring-tone for his mobile phone from a site in Slovakia. *"But I ended up in a shop that operates both in the UK and the US. And there I read that they only ship within the US and the UK. I found that a little bit odd." "Even the address fields don't allow you to enter a German address [i.e. postal code]"* (German participants); *"…they do not deliver the stuff to CZ, they just deliver it to Germany, but not to CZ. It was quite a problem to order it, they don't deliver it here."* (Czech participant)

- **Payment methods**. Payment methods were a major problem, as the payment systems vary by country. In the Czech Republic and also in Germany it is more customary to pay for goods cash on delivery, or against an invoice after the product is delivered. Both these methods were rarely available from cross-border sites. Thus sites that only accept credit cards would be a barrier to shoppers both in the Czech Republic and Germany. Transparency of prices and all charges, as well as currency issues were also quoted as barriers. There was limited knowledge of alternative payment methods, mainly the Paypal system, and particularly in the UK.

- **Website design**. Website design was mentioned by all the groups: the style of design makes respondents in some cases feel the site cannot be trusted, e.g. when relevant information is not easy to find and there are a lot of flashy banners. This is also linked to cultural preferences, for e.g. regarding the way information is organised.

- **Consumer rights**. There is almost total ignorance in the groups on essential consumer protection rights in other countries. So there was widespread concern with issues such as guarantees, repairs and returns, handling complaints in a foreign language.

- **Privacy and security**. There was also general concern about privacy and security - how the information is provided to foreign sites is going to be used, whether undesired mailings are going to be received and the greater danger of downloading viruses, which could cause long-term damage. Some sites appeared to ask for a wide range of information that is not essential to the purchase: "*Not even downloading you had to register as well. I found that a bit of a barrier actually, …you start questioning, oh God I've got to put all my information down there. How good is this site and that's when you start asking yourself, do I know it and is it a well-known site? Can I trust it?"* (UK Participant)

- **Brand reputation**. Finally brands, and how well they are known, and recommendations by family and friends (in the Czech Republic) seem to play a big role in engendering trust in online shopping.

[19] UK group's tendency to go to US or other Anglo-Saxon sites was re-enforced by the google.com engine, while the Czech group used mostly the Seznam.sk (rather than .cz) engine

2.2 Traders

Both recent Eurobarometer surveys and our focus group results indicate that trader refusal to sell cross-border as one of the emerging major barriers. To understand this better Civic Consulting conducted a limited survey of online UK and Germany e-traders (20 in each country)[20], using the usual consumer search engines techniques to find traders for a variety of products, from software and music to gadgets and fashion. Criteria on which the sites were checked include whether the sites were mono or multi-lingual, whether the brand had separate country sites, how easy it was to find the terms and conditions (in particular shipping and all additional prices) and countries the trader sells to (either 'virtually' or by postal deliveries). Even on this limited search, the results could be confusing for an online shopper: of the 20 German sites, 10 did not sell products throughout the EU – either not at all or to some countries only; 3 shipped everywhere; 7 were brands – or part of brands – with different or subsidiary country sites which did not necessarily trade (either virtually or by sending products) outside those countries. Similar results were found for the UK sites: of the 20 looked at, 8 did not sell outside the UK or throughout the EU; 7 sold throughout the EU (and elsewhere); 5 were part of brands with different country sites which could deliver all their products, or only some of their products, everywhere or only within those countries. The vast majority of sites in both countries were monolingual. Sites looked at with separate country subsidiaries are either travel-booking sites, or well-known established brands; the former not surprisingly sell world-wide; the latter do not or only partly so – notable examples are Apple iTtunes (only sells to subsidiary website countries), La Redoute (major French online department store), Quelle.de (major German online department store) and Amazon (its UK, DE and FR sites sell books, music and DVDs EU-wide, but not other items, e.g. electronics or software).

Interviews with a small number of business stakeholders both confirm and inform of some of the key reasons for this internal market segmentation by traders[21]. SMEs, the smaller traders, encounter several barriers of their own to trading cross-border:

- Available resources and financial risk are the biggest barriers: lack of appropriate marketing budgets, research and information on the different markets, provision of staff with appropriate language skills for adequate customer services, provision of legal advice, inconsistencies in EU-legislation;

- Competition from well-established, big trusted brands. The only current way to succeed, particularly after the burst of the dot-com bubble at the end of 2001, is to be innovative or promote a niche product, or to trade on a big umbrella shopping mall or auction site such as eBay (increasingly a platform for small traders);

- Culture and traditions: for e.g. payment systems of the markets outside their own countries, or product standards and software compatibility. The willingness to sell cross-border also depends on the leadership of the company; some are very careful, first starting in one country, and then slowly expanding.

[20] See Annex 4

[21] Stakeholders interviewed are listed in Annex 2

Case history – Neckermann.de, a big and trusted brand

Big companies seem to have different motivations and reasons for not selling cross-border from the SMEs. Neckermann.de is one of the biggest online traders in Germany and is part of the Karstadt Quelle group. In November 2006 for the first time its internet sales constituted more than 50% of the total turnover of Neckermann.de. It has more than 10 subsidiaries in Europe[22], both inside and outside the EU, and does not deliver directly cross-border to customers outside Germany. During an interview a representative of Neckermann.de described this policy as follows: *"We do not deliver to foreign countries. […] We are organised in separate subsidiaries in each country. … Like Neckermann in Russia, Neckermann in the Netherlands, in France, in Spain and so on.[…] The foreign market is increasing heavily, more than in Germany. […] We say, the formula is: The motor of growing is the foreign market, the German market is the basis."*[23] A number of specific reasons were given for not directly delivering to customers outside Germany:

- <u>The company structure:</u> *"Separate websites for separate countries. The majority [of the product offer] is the same. There is a mix between special offers and our regular offers. The pricing [of the products] is different";*
- <u>Payments systems</u> are a major problem in cross-border deliveries, if clients do not pay there is a problem with tracing them down; the procedures for a company to retrieve the money are different in each country; checking a client's credit worthiness or indebtness is also not possible cross-border since national credit rating agencies also have different systems and do not share data;
- <u>Logistics</u>: It does not always make sense to carry small products over long distances due to transport costs *"so to say, if one transports a pack of milk to Spain it will be yoghurt by the time it arrives";*
- <u>Fraud:</u> Criminal networks operating cross-border pose a risk; *"Sometimes there are ordered 30 notebooks by an 80-year-old lady. The question is, might this 80-year-old lady have granddaughters and grandsons? […] You have to deal with criminal networks in these days, they are operating cross-border."*

[22] www.neckermann.de, last accessed on 15.01.2007.
[23] Interview with Neckermann.de

3. Trustmarks

Trustmarks, or seals of approval, are branded electronic labels placed on websites to indicate that the website conforms to a self-regulatory, or co-regulatory, code of conduct. They have been discussed for many years as a means to increasing consumer confidence in using the website for a particular purpose, mainly reliability or credibility of the information provided or in e-commerce. They can either be general, i.e. for all rules covering e-commerce transactions, or sectoral – refer to a particular set of rules, such as privacy. Some are accreditation schemes, or umbrella trustmarks, setting general principles and rules to which individual trustmark schemes must conform to be approved. On the European level the principles for such a scheme, and a structure for its independent monitoring, was agreed by the consumer (BEUC) and trade (UNICE) stakeholders under the EU E-Confidence Initiative in 2001, but not taken forward after it was submitted to the Commission.[24] For a 'general' trustmark to be credible, it should have rules that give a higher level of trading standards than the requirements of the (national) legislation, it must have effective enforcement mechanisms, and, ideally, clear rules for redress with access to alternative dispute resolution systems.

The most recent (November 2006) comprehensive overview of general trustmarks and their characteristics on the European level was provided in the context of a recent conference on 'E-commerce Trustmarks in Europe'[25]. Trustmarks were identified in two thirds of the countries (over 30 in number), most of them initiated in the last 5-6 years; the bigger countries, such as Germany and the UK have several each; mostly it is the new member states that do not have any trustmarks at all, however this also includes Sweden and Finland, both with very high internet access rates and thriving national e-shopping markets. Equally significant is that relatively very few web traders belong to trustmarks – in the UK e.g. there are over 20,000[26] web traders, but less than 2,000 of them have trustmarks; the situation is similar in Germany. There are many similarities between the various codes of conduct governing the trustmarks – the majority are based on EU legislation, with many not providing a level of protection significantly above; however most do contribute other useful consumer protection features, such as monitoring and supervision, enforcement and consumer redress through a mixture of self-regulatory or co-regulatory systems.[27] Umbrella accreditation schemes exist in the UK and Germany, while two schemes operate on the EU level – one of them, the Euro-Label, is both an umbrella and a label in itself, designed to fit EU legislation. In contrast, Trusted Shops in Germany started with the policy to first be strong on the German market, and expand from there to other countries. Trusted Shops is now present in a number of EU countries such as UK, France, Belgium, Netherlands and Scandinavia.

Case history – confusion of labels

The following are all found on a known UK trader home page:

TOP 10 WEBSITE hitwise JUL - SEP 2006 | Shopping.com | shopzilla Store Rating as of 08/01/2007 Click to verify | Listed by PriceRunner The Price Comparison Website | Secured by thawte click to verify | Verified by VISA | INTERNET SHOPPING IS SAFE ACCREDITED RETAILER | INTERNET DELIVERY IS SAFE ACCREDITED RETAILER | W3C WAI-AA WCAG 1.0

[24] Called the European Trustmark Requirement (ETR); its purpose was to certify any Trustmark as conforming to its code and obtain the EU 'logo'. For reasons why the scheme was not implemented see the EC working document SEC(2004) 1390

[25] Trzaskowski, Jan (2006). E-commerce Trustmarks in Europe – an overview and comparison of Trustmarks in the European Union, Iceland and Norway. The Copenhagen conference was organised by the European Consumer Centre Denmark; proceedings and other presentations from the conference were not available in the public domain at the time of writing this paper.

[26] Figure quoted by Webtrader UK in interview

[27] One of the reports' conclusions is that "Generally there is a high level of consumer protection afforded by common EU legislation, but there is room for improvement when it comes to the consumer access to justice (redress), including in particular ADR"

While there is no shortage of initiative and trustmarks in most EU countries, it seems that traders do not see a merit in joining them (see above), while consumers do not recognise them or are confused by the significance and number of the many seals displayed on the average trader's website (see box "confusion of labels"). There is almost no conclusive wide-ranging empirical research on how consumers use or understand trustmarks, or whether they help in reality to improve their confidence in using a given site. The results of a 2003 Eurobarometer survey[28] indicate that there is a very low awareness of trustmarks among the general public, with only 10% of respondents, on average for the EU, having heard of them at all. From the 10% who had heard of trustmarks, just over half (56%) had noticed them on websites they visited, and under half believed that they made the web more reliable. These results are confirmed by the Civic Consulting focus group discussions – virtually none of the experienced Internet shopper-participants mentioned trustmarks spontaneously or had much prior knowledge of them; there was also confusion with other labels or symbols, such as security or payment methods (see box below).

Trustmarks – statements of focus groups in UK, CZ and DE

- UK: "*To be honest I don't really notice them [seals and trustmarks] on UK websites that much either". "Yes, I don't really pay attention…"*
- CZ: [Silence on knowledge of trustmarks] *"When you put https – it is secured page of trustmarks, who is the user, that the company is secured" "I do not buy stuff from abroad much, so I do not make any enquiries. But here, in CZ, it simple doesn't cross my mind until now. I buy from companies I know".*
- DE: "*eBay have one"; "is this about https?" "No, I only know of seals on meat in the supermarket"; "But what's behind such a seal?, maybe it's meaningless".*

However, once they've learned about them, focus groups participants were more optimistic and even included them as part of their ideal on-line environment – and particularly strongly for the German group: "*If it was communicated via the media that …an external body monitored them…."Right, an external body. And if the seal was recognised and well known. Then at least I would feel more secure".*

Similarly there is little research on the value of trustmarks to traders, confirmed also by the stakeholders interviewed.[29]

Asked whether the e-confidence initiative of the Commission should be revisited and implemented, both BEUC and UNICE, the main engineers of the ETR, were pessimistic. In the view of BEUC, the guidelines should be revisited and adapted, however there are current barriers that stand in the way of developing a pan-EU trustmark, such as lack of a harmonised legislative framework, enforcement mechanisms and costs to SMEs. In UNICE's view more research is absolutely necessary to find out the market for trustmarks and how it is changing and whether they are valuable or interesting to both businesses and consumers.

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[28] Special Eurobarometer/Wave 60.0-201 European Union Public Opinion on Issues Relating to Business to Consumer E-commerce

[29] In the UK, the Office of Fair Trading who operates the Consumer Codes Approval Scheme recently published a review of its impact on business, concluding that the codes have advantages both for business and consumers and a majority of members of the scheme find that the benefits of membership outweigh the costs, http://www.oft.gov.uk/NR/rdonlyres/6412387C-C25D-4400-AFC3-919B78E4221C/0/oft870.pdf , accessed 5 January 2007

To conclude, there is some evidence that Trustmarks could have a positive contribution to helping consumers be more confident in shopping cross-border, and some of the national examples, particularly those with accreditation schemes, could be used as a model. However, the jury is still out on how much value-for-money would there be in reviving a pan-European trusmark initiative and certainly much more empirical research is needed, particularly on the impact trustmarks have both on consumers and businesses. In any case the large numbers of trustmarks can be confusing, therefore well known branding, as well as recognisable and distinctive sectoral seals (security and privacy in particular) remain critical factors for their success on national levels.

4. New Technologies

4.1 Recent trends

Recent years have seen a rapid development of digital technologies and distribution networks, including rapid uptake of high-speed broadband network access, the advent of broadband wireless and development of large capacity digital storage technologies; related to this is the trend in convergence in the market place between different networks (mobile; internet; telecommunications, etc.), forms of commerce (e.g. e-commerce, mobile commerce) as well as many different pieces of electronic equipment to which users can download and use products that are bought virtually over the various networks. These developments make the relationships with product and service providers much more complex for consumers, for example identifying the party to complain to when things go wrong in a contractual transaction, or having clear information regarding what they can or cannot do with a particular piece of equipment or software, and whether it will work with all the other equipment they own (interoperability). Understanding the contracts and the conditions of use for digital products is also an issue – for instance General Terms and Conditions, or licensing agreements, for downloadable software or music often appear at the very end of the sales transaction, are usually not printable, can violate the laws of the consumer's country, and be extremely difficult for consumers (and even legal experts) to read and understand. This situation is exacerbated by differing legislation between countries[30]. Consumer representatives argue that all this is placing a big extra responsibility and legalistic burden on the shoulders of European consumers, who, as seen also both from the Civic Consulting focus groups and the Eurobarometer studies, use digital commerce primarily for ease and convenience and want clear and understandable contractual information, as well as clear avenues of redress. In the longer term, digital rights issues may prove to become a major barrier in promoting consumer confidence in e-commerce, particularly for the growing young generation of internet 'insiders'. This could also run contrary to the interests of manufacturers and right-holders, as users that cannot understand conditions will not take note of them and will not respect them[31].

4.1 Mobile commerce

Mobile commerce is developing as a complementary business model to online e-commerce; its rapid development is driven by the growing number of mobile phones and subscribers and the roll-out of the 3G mobile services which greatly increases the speed at which data can be downloaded on a mobile phone (so viewing images/videos is now common on these phones); another driver is the need for operators and content providers to generate new forms of income, e.g. from providing on the move information services and new forms of payments.

Current common types of purchases over mobile phones include ringtones and screensavers, and paid information such as traffic reports, game downloads and games. In Asia, where this type of commerce is more developed, phones are also used as forms of electronic money and authentication devices, e.g. buying parking meter tickets or forms of membership cards. But the technology is still in its infancy, with varying estimates as to its value, little survey data and no official statistics[32].

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[30] See for e.g. Kreutrer, Till (2006). Consumer Protection in Digital Media Study on licensing and use conditions and technical protection, German Consumer Federation (VZBV), www.vzbv.de/mediapics/consumer_protection_in_digital_media_2006.pdf, accessed 14 Jan 2007.

Further documentation and research on this issue is available from the European Consumers Association, BEUC, http://www.consumersdigitalrights.org/cms/index_en.php consumer groups. Regarding interoperability, see also for e.g. Norway Consumer Council and Ombudsman case against iTunes, http://forbrukerportalen.no/Artikler/2006/1138119849.71, accessed 14 Jan 2007

[31] This is a conclusion also of the VZBV, see note 30

[32] OECD (2005). Digital Broadband Content: Mobile Content, New Content for New Platforms, OECD Working Party on the Information Economy, May 2005. Estimates for Europe were EUR 27[] billion in 2006, according to a study by Andersen Consulting for the European Commission in 2002

However mobile selling services is a growing market in the EU, Neckermann.de for example offers currently some 150,000 articles[33] available to order by mobile phones. In studies reviewing economic and policy aspects of mobile commerce[34], the OECD lists some of the current barriers to mobile commerce development. These include lack of industry cooperation, standards and interoperability, lack of unified micro-payment systems, confusing pricing models, IP rights and digital rights management, insecurity of mobile devices and consumer and privacy protection. Specific consumer protection and privacy issues include cost control (consumers are faced with very large bills); liability for unauthorised payments, problems with information disclosure on small screens, protection of children, interoperability of contents over mobile devices and privacy issues associated with tracking purchases and the location of the device user. There are also concerns over security of payment transactions, loss of personal data, spam and viruses over mobile phones. The report points in particular to the importance and need to take seriously the data protection issues in the mobile-commerce environment, as well as the need to strike the right balance between letting the market develop its opportunities and timely policy intervention against potential threats.

The Transatlantic Consumer Dialogue lists similar consumer concerns[35], which were confirmed by its online survey of consumer experiences in mobile commerce, the only information on consumer attitudes and experiences in mobile commerce available at present[36]. Key findings reveal that over a third of respondents reported problems related to mobile commerce (e.g inaccurate or misleading costs or descriptions of goods and services, abuse of personal information, and being billed for transactions they've never made); more than half of them never complained to anyone; and only half of those who tried to resolve their problem were successful in doing so. Only a minority of respondents agreed that mobile commerce contracts are easy to cancel, that protection against unauthorised charges is adequate, that personal data is secure from abuse and that it is easy to resolve mobile commerce disputes. More than half of responding consumers favoured a combination of voluntary codes of conduct and government regulation as the best approach to protect consumers in mobile commerce transactions. The report highlights the need for good, consistent industry standards and adequate legal protections, as well as effective methods of redress.

In conclusion mobile commerce as it develops further is likely to both re-inforce existing confidence issues and reveal new ones specific to the medium – chief among the latter are likely to be medium-specific security and privacy and payment systems, including premium-rate and roaming tariffs in the case of cross-border transactions. Government and consumer stakeholders agree on the need to assess futher the initiatives in the various countries and how existing various regulations apply to mobile commerce, as well as the need for further research into its impact on consumers.

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33 Interview with Neckermann.de

34 As note 32; also OnlinePayment Systems for Ecommerce, April 2006

35 Resolution on Mobile Commerce, Aug 2005 at www.tacd.org

36 Report on the July 2006 TACD Mobile Commerce Survey, available at www.tacd.org . The online survey was conducted online between June 1 and July 1 2006; people were asked to complete the survey only if they had a mobile phone or PDA with online access. The survey was available in 7 languages; 1,955 consumers responded

5. Overall conclusions

Despite a rapid expansion in e-commerce at national level in the EU (more in some countries than others), the main barriers that limit consumers from purchasing goods and services from another member state have stayed fairly constant:

- Access to the internet
- Consumer confidence regarding security (fraud and payments)
- Issues around redress and trading standards
- Data protection and privacy
- Language and culture,
- Desire to 'touch and feel'.

However there are barriers that are becoming increasingly important as e-commerce continues to grow. They include issues around cross-border payment systems, searching for, and comparing, information with various search engines and price bots (automatic comparison sites) and, most importantly, trader refusal to sell across borders or trader market segmentation. As noticed particularly by the UK focus group regarding the recent EU court case on buying alcohol from France, member-state derogations can also be a barrier for cross-border e-commerce[37]. Finally an increasingly important factor regarding consumer trust in the digital environment will be related to digital contracts and rules regarding digital download.

5.1 Possible measures by businesses and consumer organisations

Many of the measures that could be taken are primarily the responsibility of business, as well as consumer organisations and individual consumers. Business for example should promote innovation and collaboration on joint and interoperable new payment systems, enhanced security and identity management measures, further development of privacy enhancing technologies as well as innovative tools for improved web searching, web-based translation technologies and clear, easy to use web design[38]. Consumer organisations, on the other hand, have a vital independent watchdog and awareness-raising role, particularly in working together to help their members and stakeholders to make informed choices not just at home but throughout the internal market.

> **What consumers want – statements of focus groups in UK, CZ, DE**
>
> Participants in each of the three consumer discussion groups were asked to work in groups and recommend an ideal on-line environment that would make them feel confident buying goods from another country. Not surprisingly the solutions they proposed resembled their own countries' online e-commerce environment, but there was a lot of consensus.
>
> Measures they wanted to see included own-language websites, cross-border supplier help-lines and freepost return systems, a number of optional payment methods, product guarantees in local language, optional delivery methods, clear strong customer protection system, for e.g. Trustmarks (the UK group suggested a Europe-wide customer protection body), and clear lay out and design of sites. One conclusion from this limited experience is that on the EU level, deliberative consumer and SME forums, as well as the consultations with relevant stakeholder groups, can bring beneficial results in finding the best measures for building trust.

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[37] See report of the November 2006 EU court decision on http://www.iht.com/articles/ap/2006/11/23/europe/EU_FIN_EU_Alcohol_Tax.php

[38] For example the Quatro project, financed by the European Commission, developed a system of highlighting sites with trustmarks during web searches and proposed a database of such sites which would be detectable by search engines, http://www.quatro-project.org/; search engines, such as Google and AltaVista's Babel Fish translator, can translate web pages and blocks of text in seconds, adequate enough for most e-commerce transactions

5.2 Possible EU initiatives

Any new EU initiative dealing with the main challenges round building consumer trust in the digital environment would need to address a large spectrum of issues, not just those around consumer protection. The following is a (non-exhaustive) list of areas that could be addressed:

⇒ **Internet access** – there is evidence that experience and familiarity with the Internet, as well as socio-economic differences, have an impact on trust and confidence. There are still big differences in Internet take-up between EU member states.

Possible measures could relate to promotion and provision of universal service and access, as well as pricing and affordability through for e.g. ensuring effective competition, with specific measures taken in the south EU countries and new member states to address the issue of a digitally divided Europe;

⇒ **Trading standards and redress** – important are the differences in legislation between member states, inconsistencies in EU consumer protection legislation, as well as trader compliance to standards and systems of cross-border complaints and redress.

Possible measures could include further development in cross-border ADR systems and giving more responsibilities to the European Consumer Centres. The ongoing process for the revision of the consumer acquis provides a good opportunity for addressing inconsistencies and differences in consumer protection legislation, complemented with pan-European initiatives for self-regulation of traders, evaluation of relevant self-regulatory systems and an exchange of national best practice.

⇒ **Security and privacy** – relevant issues include inconsistent and inadequate regulation concerning fraud and identity theft, malicious software and security of networks, security of payment, and identity management systems.

Possible measures include both legal measures and introduction of technology-neutral standards and certification schemes for privacy and security enhancing technologies.

⇒ **Refusal to sell and market segmentation** – relevant issues include inconsistencies in the EU legislation covering cross-border e-commerce, which create both trader and consumer uncertainties, and differences and inconsistencies in online payment systems.

Possible measures would include initiation of research and auditing into online business practices, creating frameworks for innovation and promotion of online payment systems with interoperable standards, and clarification of business and consumer rights and liabilities.

⇒ **Rights awareness and information** – evidence shows that lack of awareness among EU countries consumers of their rights in other member states, or how to complain and get redress are important contributing factors to their reluctance to take full advantage of the internal market; lack of information on other countries' goods and services available to them is another significant factor.

Possible measures could include improved support to consumer groups and other relevant bodies representing consumer interests to promote the internal market through pan-EU product and service assessments or having powers, such as joint class actions across borders or 'super-complaints'[39] to the Commission; conducting specific media-wide awareness campaigns; and encouragement to industry of further innovation in trust-building technologies, such as language translation tools, or EU-wide reputation systems (i.e. online customer ratings or independent reviews).

[39] A'super-complaints' is a complaint that can be made to consumer protection or competition bodies when a feature of a particular market is, or appears to be, harming significantly the interests of consumers. For example, some bodies representing consumer interests have such powers in the UK.

Annex 1: Summary report of focus group discussions in UK, DE and CZ

Cross Border e- commerce

Summary report on group discussions

December 2006

1. Background and methodology

Opinion Leader have been briefed by Civic Consulting to carry out three group discussions in UK, Czech Republic and Germany to identify barriers that prevent consumers purchasing goods and services from another member states and making recommendations on possible measures to overcome them. 8 people attend each group and we recruited a mix of men and women of varying ages. Fieldwork took place between 14-18th December 2006.

All participants who attend the groups were experienced internet shoppers and were required to carry out a pre-task to attempt to buy on line:

- A product for which no postal delivery is needed;
- A product for which postal delivery is needed;
- A consumer credit agreement

Questions focussed around this experience to identify motivations and barriers to purchase and to gain guidance on ideal online environments. There was also a detailed discussion of the specific issues concerned with consumer credit purchase across borders.

2. Summary of main findings

2.1 Countries purchases made from

For the pre-task the selection of countries participants chose to buy from was limited primarily due to language ability and perceived familiarity with the country.

- Czech shoppers who could speak English or German reasonably well used sites from Germany, Austria and USA. Older shoppers with limited language skills visited mainly websites in Slovakia.
- German shoppers would mainly use sites in Austria and Denmark and those with English language skills, sites in USA or UK
- British shoppers mainly shopped in countries where English was the main language such as USA and Canada. This approach was reinforced by the Google search system. […]

2.2 Type of Products and Services considered for purchase

Respondents in the Czech Republic and UK appeared to be more adventurous in the type of product they considered and more confident in looking at a range of sites than respondents in Germany. The following range of products were considered:

No need to deliver:

- Czech Republic - Flight tickets, coach tickets, antivirus software, ring tones
- Germany – Flight tickets
- UK – Travel insurance, music downloads, flight tickets

Needs delivery:

- Czech Republic – Camera, washing machine, softball bats, electronic oven, watch, MP3 player, table game
- Germany – Car, clothes, trainers,
- UK – Clothes, shoes and designer handbags, camera, rare books, barbers clippers, watch

2.3 Motivations to buy across borders

The key demand in buying across border is to ensure that the organisation you are dealing with is reputable and trustworthy so many respondents were cautious and selected mainly brands and organisations with which they were familiar. There were, however, some strong motivations to buy overseas:

- Availability and topicality: This is an important motivator in clothes purchasing. Retailers with branches across Europe were recognised to have different styles and designs for different countries and it is possible to buy designs from other countries online. American clothes brands are desirable and not always easily available in Europe.

  "I had seen a jacket when I was in London last time. It is not available in Germany. And I checked it out and as a matter of fact, they have lots of things there that you cannot buy in Germany. And eventually I ordered it". Female Germany

  "I, shallowly went for clothes again, but I went straight to the manufacturer in America and really because I didn't think that that particular brand was stocked over here, but when I went onto their website I found that it was" Female UK

  Products that you would download such as music, films, software etc might often be available earlier from the US.

  "*The software I mentioned before, in other countries they offered an updated version before it was available in Germany*." **Female Germany**

- Cost benefit: There was a recognition that major savings could be made on purchases such as cars (a German respondent had saved 1,700 euros in buying a car on the internet from Denmark) and also on lower value items such as cigarettes. UK respondents were aware of recent issues on purchasing wines and cigarettes overseas and the responsibility for payment of local taxes.

  "You know I wanted an American label and I know that I would have probably got it cheaper there than I would have done if I had gone through say like Harrods or somewhere like that, you know." Male UK

"So that kind of means that you have to be aware of, you know if you think you're getting a really good bargain and then as you were saying originally somewhere along the line you get really stung at the end because you haven't paid the duty or the tax or whatever." Female UK

- Exclusivity: Respondents believed there were higher quality, exclusive, food products available in the country of origin such as olive oil from Italy and wine from France.

  UK respondents particularly mentioned designer sites from the US where products such as Prada handbags could be bought at considerable savings.

- Recommendations by family and friends – this was mentioned as a particularly important motivation and form of reassurance on quality in the Czech Republic

2.4 Barriers to buying across borders

There are a number of barriers to cross border shopping which appear to be more widely held in the German group.

"I'm more concerned about delivery times, in what condition will it arrive, is it safe, will the payment process work out fine. And what if you cannot pay in euros, what do you do then? And then I don't know if the terms and conditions are the same. You read through them and then you wonder if it will work abroad in the same way as here." Male Germany

The key points mentioned were:

- Delivery issues – Many sites, particularly US, but even in the UK are criticised as they are unwilling to deliver outside their country of origin and this is not made clear at the start of the process:

  "Yes, just that most of the sites that I went to, I went through all the kind of steps of buying the product and when it came to shipping it internationally, they wouldn't ship to the UK.." Female UK

- Payment issues – Attitudes to payment issues varied by country as the local systems varied. In the Czech Republic, and to a lesser extent in Germany, it was normal to pay for goods 'Cash on Delivery' but this was rarely available from cross border sites. Prices were not always quoted clearly upfront and additional charges might be hidden.

US sites rarely accepted any form of payment except credit cards. This could be a barrier in Germany and the Czech Republic.

There was some knowledge in the UK and Germany of the use of the Paypal system and this was generally thought to be a safer payment system

> *"It depends on the method of payment. If they send you an invoice you can be relatively sure that it will arrive. But if they ask for advance payment…"* Male Germany

- Guarantees/ issues of dealing with unsatisfactory products/ handling complaints. There was general concern about systems of redress in case of complaint particularly with high value purchases.

  Guarantees varied by country and if the company did not have any presence in your own country it would be complex dealing with any problems and almost impossible to take legal action in terms of both costs and logistics. Many respondents dealt with this by limiting their purchases to brands or stores they knew had a good reputation e.g. US department stores or to low price purchases.

  > *"Well yes, that goes back to why I went to like major stores as well. You know because I probably could have picked something up cheaper somewhere else but then … I'm always worried about returning stuff or whatever. You know if you're stuck with it, you've bought it and it's not right and then having to send it back is going to cost you a fortune. You know so all that I want security from that as well."* Female UK

- Language barriers – Language was more of an issue for the Czech and the German than the UK respondents. A number of European sites particularly for internationally based organisations such as airlines would have sites in their local language and English. English respondents also appeared more relaxed with using translation services which were not mentioned particularly in other groups.

  > *"When I went on the Italian website to book the ticket from Rome to Milan, it was in English and Italian, so that was easy as well."* Female UK

  > *"Even if you speak English you may not be very familiar with the terminology if you want to buy certain goods. So that could turn it into a much more complex operation."* Male Germany

  Barriers were cultural as well as language based. German respondents admitted to concerns about buying from Polish or Czech websites even if the sites were in German.

- Practical problems in using foreign websites e.g. inserting addresses for delivery. This was mentioned frequently in Germany re problems with postal codes.

- Website design – German respondents particularly find the style of websites in the US difficult to deal with in terms of finding relevant information. The style of design makes respondents feel the site cannot be trusted. This is particularly a problem on financial sites.

  "I went to the Footlocker site in the US. This site really jumps at you. It's cluttered with adverts and initially, it's impossible to find anything, let alone buy something." Male Germany

  "And I must say, when it's about cars or higher amounts… I really had the feeling that it wasn't really trustworthy. ….Very bright and flashy banners saying it was quick and easy. Everything's easy …. I mean there is a difference between taking out a car loan and buying a car. I don't mind a brighter site with the latter but when it's about credits I want to feel safe." Male Germany

- Currency exchange issues – Many sites did not provide easy access to currency conversion although major internationally orientated sites such as British Airways were complimented for giving easy conversion facilities. UK respondents who were very confident in using websites said it was easy just to look up currency conversion tables on Google.

- Problems in understanding terms and conditions – Respondents in all countries were concerned that it was important to understand the terms and conditions which might differ from those you would expect to apply in your own country.

- Concerns about registration/ SPAM/ computer security

  General concern is expressed about how the information you input to foreign sites is going to be used, will you receive undesired mailings and is there greater danger of downloading viruses which could cause long term damage. Some sites appear to ask for a wide range of information that is not essential to the purchase e.g. age, health etc

  "No even downloading you had to register as well. I found that a bit of a barrier actually, the going forward because then you start questioning, oh God I've got to put all my information down there. How good is this site and that's when you start asking yourself, do I know it and is it a well known site? Can I trust it?" Male UK

2.5 Ideal on-line environment

Participants where asked to work in groups to come up with their ideal on-line environment where they would feel confident buying goods from another country. For cross border shoppers in all countries the ideal environment resembled their own countries online environment with which they were familiar. Overall there was considerable consensus across countries on the need for security and on approaches to achieving this:

- The web site should be in your own language
- Ideally the supplier should provide the possibility of a local contact such as a helpline in case of problems and a freepost return system – people had concerns of not being able to talk to someone who was able to resolve the issues they had with their purchase
- Optional payment methods should be available e.g. cash on delivery, debit or credit card, Paypal
- Guarantees should be available in the local language
- Optional delivery methods should be available
- Clear strong customer protection system/Trustmarks – these were mentioned as a good way of validating the security of a website however when previously discussed in the groups, very few people currently took notice of trustmarks and didn't mention them spontaneously

  The UK groups suggested that a European wide customer protection body whose logo could appear on recognised sites would have potential benefits but this would need substantial promotion.
- Websites should be clearly laid out and designed to deal with local differences e.g. address differences and should include a clear and detailed descriptions of the goods
- Total fees should be clearly stated – this should include any tax implications, shipping fees and any hidden extras
- Data protection rules should be adhered to (Germany)
- A system of customer feedback could provide valuable reassurance as used by e-bay (UK)

2.6 Consumer credit

[...]

2.7 Conclusions

The results show that in all countries a feeling of security in cross border commerce was created by familiarity, in terms of language, web site appearance and design, the way in which sites worked, familiarity of the organisation etc. Respondents in the UK and the Czech Republic appeared to be more willing to experiment than the Germans but all respondents were looking for sites you can trust and the idea of a Europe wide Trustmark endorsed by an official consumer protection body had appeal.

The countries respondents are willing to consider in terms of purchasing currently are very limited. The only countries considered generally are those geographically and/or culturally close to their own country. The Google system tends to reinforce UK respondents inclination to purchase only from English language sites excluding most European markets.

The groups suggested considerable potential for increasing cross border commerce in the form of download and delivered goods.

Note: This report has been shortened by Civic Consulting. References to the issue of consumer credit agreements were deleted, as the results of the focus groups regarding this issue will be included in a forthcoming study of Civic Consulting on the modified proposal for a Consumer Credit Directive

Annex 2: List of interviewees

- Eurochambres
- BEUC
- UNICE
- Neckermann.de (Karstadt Quelle Group, Germany)
- Webtrader UK
- APEK (Czech Republic)
- Trusted Shops (Germany)

Annex 3: Discussion guide focus groups

Discussion guide: Cross border e-commerce

Group discussion

Introduction	▪ Standard introduction ▪ We are conducting this research to feed into a paper being written for the European Parliament looking at consumer confidence in buying goods from other countries over the internet ▪ Today we're going to be talking about your experiences of attempting to buy goods from another country over the internet
Warm up	**Participant introductions** **Name** Home, job, family and what they do in their spare time
Experiences of buying cross border	Reviewing the findings from the pre-task. Ask participants to share with the group the goods/services they chose to buy for the pre-task and which countries they were buying them from. ▪ How did you go about finding the product/credit that you wanted to buy? o Search engines? o Links from UK/German/Czech websites? o Company websites? ▪ Did you know the merchant you chose before hand? (Brand recognition issues) o IF NO: If you had known the merchant already would this have changed how confident you felt about making a cross border transaction? o IF YES: Did you deliberately go for a merchant you were already familiar with? Why? ▪ How easy was it to find your chosen product / credit from another country? o What were the main barriers you came up against in finding the product? ▪ How easy was it to actually order your chosen product/credit? o Were there any specific problems you encountered relating to the fact that you live in another country?

	o Were there specific barriers inhibiting your purchase because of your location? ▪ When you found the site and product of their choice did the site ship to this country? o Was this information easily available before you made the order? ▪ Was information on shipping or other costs (e.g. excise duty for wine) easily available? ▪ Were you 'jumped' or 'directed' onto a site in your own country during the purchasing process or told you can shop or download only from a UK, DE or CZ site? ▪ Did you encounter other restrictions, for e.g. in digital services (e.g. iTunes, ring-tones)? ▪ Did you look for or notice any specific features on the site, e.g. privacy information, security signs, other seals and trustmarks? ▪ Did they have any currency problems (e.g. when comparing prices or adding shipping costs, etc)? o IF YES: What could be done to overcome these problems?
Wider issues	▪ What do you think motivates/drives consumers to look into buying via the internet from another country? (e.g., competitive/lower prices, better/more products) MODERATOR TO FLIP CHART DRIVERS ▪ What do you think are the main factors discouraging them? (e.g. redress, security, data protection, other protection issues) MODERATOR TO FLIP CHART BARRIERS ▪ Thinking about the three separate tasks you were asked to carryout, how secure did you feel when purchasing each one online from another country? (*Ask for each task in turn*) o A product for which no postal delivery is needed; o A product for which postal delivery is needed; o A consumer credit agreement ▪ Are they aware of EU-wide protection rights and avenues of redress if things go wrong? o IF YES: Does knowing there are EU-wide protection rights and avenues of redress make you feel more secure about buying cross-border? ▪ What kind of payment method do you prefer and what kind of payment do you actually use? (e.g. credit card, cybercash like PayPal, Firstgate, Micropayment etc.) ▪ Could you recognise or name any internet shopping trustmarks in your own country? o In any other country? ▪ Would you be more inclined to use a site with a recognisable trustmark?

	o Are trustmarks a good way to develop confidence to on-line cross-border shopping? **Participant group task** – break the group into two sub-groups of 4 to work together on the following task then present back their findings to each other ▪ From your personal experience of buying on-line cross-border and taking into consideration the issues we've just discussed, I'd like you to work together to build the ideal on-line environment that would facilitate and encourage consumers to make cross-border purchases: (*facilitator to refer back to the previously identified drivers and barriers as a prompt*) ▪ How would it work? ▪ What would make it easier? ▪ What would make people feel more secure? ▪ How could the barriers you identified be overcome? Each group to present back their 'ideal' on-line cross-border environment and comment on the other group's findings.
Thanks & close	

Annex 4: E-Traders Survey UK and Germany

UK e-traders survey, December 2006

Type of trader	Monolingual	Multilingual versions on same site[40]	Different Country sites[41]	T&R easy to find (shipping, prices, duties)[42]	Countries the trader sells to[43]
General consumer goods	Yes	No	No	Yes	UK only
General consumer goods	Yes	No	No	Yes	UK only
Electronics	Yes	No	No	Yes	UK only
Entertainment and electronics	Yes	No	Yes (US & UK)	Yes	Western Europe (not electronics and gadgets)
Software	Yes	No	Yes (13 EU)	Music, etc downloads – Yes	UK only
Travel	No	Yes	No	Yes	Throughout EU (not clear CEE)
Clothing & bags	*No*	No	Yes (about 18– some EU)	Yes	Country of site only
Clothing & bags	Yes	No	No	Yes	UK, IR, Aus and US
Travel	Yes	No	Yes (9)	Yes	Worldwide

[40] Same site translated in different languages, with the same pricing, product range and conditions. Please specify languages
[41] This means links to different country sites with different products ranges, pricing and conditions
[42] Easy to find means on the home page or within one click.
[43] If not pan-EU (and rest of world), please specify countries

Clothing & bags	Yes	No	No	Yes	Worldwide
Type of trader	**Monolingual**	**Multilingual versions on same site**[44]	**Different Country sites**[45]	**T&R easy to find (shipping, prices, duties)**[46]	**Countries the trader sells to**[47]
Entertainment and electronics	Yes	No	Yes	Yes	Depends on product (e.g. books, music, DVDS all over, other items including software restricted)
General consumer goods	Yes	No	No	Yes	UK, Europe, Canada
Cosmetics	Yes	No	No	Yes	Old EU & CH only
Health and beauty	Yes	No	No	Yes	UK only
Food & drinks	Yes	No	No	Yes	UK only
Jewellery	Yes	No	No	Yes	Worldwide
Electronics	Yes	No	No	Yes	Worldwide (excl US)
Clothing & bags	Yes	No	No	Yes	All Europe
Electronics	Yes	No	No	Yes	UK and Eire only
Food & drinks	Yes	No	No	Yes (relatively)	Europe-wide

[44] Same site translated in different languages, with the same pricing, product range and conditions. Please specify languages
[45] This means links to different country sites with different products ranges, pricing and conditions
[46] Easy to find means on the home page or within one click.
[47] If not pan-EU (and rest of world), please specify countries

German e-traders survey, December 2006

Type of trader	Language	Multilingual versions on same site[48]	Different Country sites[49]	T&R easy to find (shipping, prices, duties) [50]	Countries the trader sells to[51]
Electronics	Products are in German, introduction, some products explanatory signs, terms and delivery also in English.	No	No	Yes	EU wide delivery
Transportation	All in German, foreign customers are redirected to an application form for their product in English	No	No	Yes	Many countries within the EU (no further specification)
Clothing & bags	German	No	No	Yes	AT, NL, BE & LU. Other countries only on when specifically applied (this information is given in German)
Clothing & bags	German	No	No	Yes	AT, CH, NL, BE, LU, GB, FA, IR, IT, DK, SE, FI, GR, Liechtenstein, ES, PT, NO. All other countries on application; Specifies also a list of countries where they do NOT deliver.
Construction work	German	No	Yes, for DE, AT & CH one site, GB one site, SE one site	Yes	See Different Countries Websites
Children	German	No	No	First one has to become a member	First one has to become a member

[48] Same site translated in different languages, with the same pricing, product range and conditions. Please specify languages
[49] This means links to different country sites with different products ranges, pricing and conditions
[50] Easy to find means on the home page or within one click.
[51] If not pan-EU (and rest of world), please specify countries

Website	Language	Multilingual versions on same site[52]	Different Country sites[53]	T&R easy to find (shipping, prices, duties) [54]	Countries the trader ships to[55]
Travel	German	Yes, English	Yes	Yes	Bookable worldwide
General consumer goods	German	No	Yes	No	No, for that one needs to go to the specific country website
Electronics	German	No	No	Yes	Austria
Music	German	No	No	Yes	No
Software	German	No	Yes	No	No, one needs to go to the country specific website
Service	German	No	No	Yes	No
Service	German	No	Yes	No	AT, CH, Liechtenstein
Electronics and entertainment	German	No	Yes	Yes	AT, CH
Services	German	No	No	Yes	No
Food & drinks	German	Yes, English	No	Yes	EU & CH

[52] Same site translated in different languages, with the same pricing, product range and conditions. Please specify languages
[53] This means links to different country sites with different products ranges, pricing and conditions
[54] Easy to find means on the home page or within one click.
[55] If not pan-EU (and rest of world), please specify countries

Website	Language	Multilingual versions on same site[56]	Different Country sites[57]	T&R easy to find (shipping, prices, duties) [58]	Countries the trader ships to[59]
Food & drinks	German	No	No	Yes	No
General consumer goods	German	No	No	Yes	AT, CH, BE, DK, FA, IT, Liechtenstein, LX, NL, NO, PT, SE, ES; other countries on request
General consumer goods	German	No	No	Yes	Pan Europe and rest of world
General consumer goods	German	No	Yes	Yes	See different countries websites

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[56] Same site translated in different languages, with the same pricing, product range and conditions. Please specify languages
[57] This means links to different country sites with different products ranges, pricing and conditions
[58] Easy to find means on the home page or within one click.
[59] If not pan-EU (and rest of world), please specify countries