



EUROPEAN  
COMMISSION

Brussels, 7.12.2012  
SWD(2012) 432 final

Volume I

**COMMISSION STAFF WORKING DOCUMENT**

**The Consumer Markets Scoreboard  
Making markets work for consumers**

**Eighth edition Part 1 — November 2012**

**EN**

**EN**

## Table of contents

1.	INTRODUCTION	3
2.	MARKET MONITORING SURVEY RESULTS	4
2.1.	MARKET PERFORMANCE INDICATOR (MPI)	4
2.2.	COUNTRY DIFFERENCES IN MARKET ASSESSMENT	9
2.3.	SOCIO-DEMOGRAPHIC DIFFERENCES IN MARKET ASSESSMENT	12
2.4.	MARKET ASSESSMENT COMPONENTS	17
2.4.1.	Comparability	17
2.4.2.	Trust	19
2.4.3.	Problems	22
2.4.4.	Complaints	24
2.4.5.	Overall satisfaction	26
2.4.6.	Choice	28
2.4.7.	Switching	32
3.	PRICES	37
4.	COMPLAINTS	43
5.	SAFETY	48
6.	CONCLUSIONS AND NEXT STEPS	52
	Annex I — Prices	57
	Annex II — National rankings of markets	67
	Annex III — Market names	125

## 1. INTRODUCTION

The Consumer Scoreboard provides an evidence base for policy action and regulation that is driven by a better understanding of real outcomes for consumers. It helps policy makers to ensure that policies take better account of consumers' expectations and concerns, and to identify priority areas to be addressed in order to improve consumer conditions. Given that final consumption expenditure of households represents 56% of the EU's GDP, improvements in consumer conditions can make a significant contribution to boosting economic growth in line with the objectives of the Europe 2020 Strategy. If consumers are able to fully play their role in the market, making informed choices and rewarding efficient and innovative businesses, they contribute to stimulating competition and economic growth. On the other hand, markets where consumers are confused, misled, find it hard to switch or have little choice will be less competitive and generate more consumer detriment, to the expense of the efficiency of the overall economy. It is therefore important to identify which parts of the Single Market are not working well for consumers. This is the purpose of the Consumer Markets Scoreboard. As a second step, in-depth market studies of the sectors that appear to be underperforming are carried out to gain a better insight into the problems and identify possible remedies.

The European Consumer Agenda<sup>1</sup> of May 2012 set out a strategic vision for consumer policy, aimed at putting empowered consumers at the centre of the Single Market by reinforcing consumer safety, enhancing knowledge, stepping up enforcement and redress arrangements, and aligning consumer rights and policies to economic and societal change. The Agenda envisages that all planned initiatives will be supported by continuously updated sources of key information, including Consumer Markets Scoreboards and the related in-depth studies. The role of the Scoreboard in identifying those markets across the economy that do not function for consumers was also acknowledged in the Progress Report on the Europe 2020 Strategy,<sup>2</sup> which accompanied the 2012 Annual Growth Survey. The March 2012 European Council<sup>3</sup> recognised that enhanced 'peer pressure' can help raise Member States' sense of ownership and responsibility in developing the Single Market and complying with its rules. To that end, the Council invited the Commission '*to provide transparent scoreboards as a basis for appropriate benchmarking*'. Similarly, the European Parliament<sup>4</sup> has called on the Commission to '*assess the extent to which consumers and businesses alike benefit from the Single Market, and (...) report on obstacles to its functioning*' within the annual monitoring exercise of the European Semester, taking account of the Scoreboard reporting mechanisms. In June 2012, the Commission Communication on better governance for the Single Market<sup>5</sup> set out actions and targets to improve the implementation and enforcement of Single Market rules in key areas, including financial services, transport, energy and digital markets. All these areas are among the markets screened in the Consumer Scoreboards. The Commission has also undertaken to prepare an annual report on the integration of the Single Market, as part of the Annual Growth Survey, to monitor how the Single Market functions in practice, in particular in key areas and for key

---

<sup>1</sup> COM(2012) 225 final, [http://ec.europa.eu/consumers/strategy/docs/consumer\\_agenda\\_2012\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/consumer_agenda_2012_en.pdf).

<sup>2</sup> [http://ec.europa.eu/europe2020/pdf/ags2012\\_annex1\\_en.pdf](http://ec.europa.eu/europe2020/pdf/ags2012_annex1_en.pdf).

<sup>3</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/128520.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/128520.pdf).

<sup>4</sup> European Parliament Resolution of 14 June 2012 on *Single Market Act: The Next Steps to Growth* (2012/2663(RSP)), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0258+0+DOC+XML+V0//EN>.

<sup>5</sup> COM(2012) 259/2.

market actors, including businesses and consumers. The report will feed into the drawing-up of country-specific recommendations in the context of the European Semester. The Consumer Scoreboard data provide important insights into how the markets are functioning from the consumers' perspective and are thus an important contribution to this process.

The majority of the Scoreboard data comes from the annual market monitoring survey which measures consumer experiences and perceived conditions in 21 goods and 30 services markets accounting for more than 60% of the household budget. Consumer conditions in each market are assessed on the basis of six main criteria: comparability, trust, problems and complaints, satisfaction, choice and switching. The survey covers the 27 EU Member States, plus Iceland and Norway, thus allowing for peer comparisons and benchmarking performance of markets from a consumer perspective. This year's was the third edition of the survey, so results can also be compared over time. To ensure that it takes account of relevant experience rather than uninformed opinion, the survey is conducted among consumers with recent purchasing experience in each market.<sup>6</sup>

Additional indicators include data on price differences across the EU and complaints data collected by national complaint bodies. This edition of the Scoreboard includes for the first time an analysis of consumer complaints collected according to a harmonised methodology in line with the Commission Recommendation of 2010.<sup>7</sup>

## **2. MARKET MONITORING SURVEY RESULTS**

### **2.1. MARKET PERFORMANCE INDICATOR (MPI)**

The ranking of 51 consumer markets at EU level is based on the 'Market Performance Indicator' (MPI) — a composite index taking into account four key aspects of consumer experience:

- 1) the ease of comparing goods or services on offer;
- 2) consumers' trust in retailers/suppliers to comply with consumer protection rules;
- 3) problems experienced and the degree to which they have led to complaints; and
- 4) consumer satisfaction (the extent to which the market lives up to what consumers expect).

The four components of the index are weighted equally and the maximum total score is 100.<sup>8</sup>

---

<sup>6</sup> The survey is based on random sampling. Telephone interviews were conducted between March and May 2012 with a sample of 500 people (aged 18+) for each of the 51 markets and in each EU Member State, Iceland and Norway (250 people in Cyprus, Luxembourg, Malta and Iceland). In total, over 650 000 individual market assessments were carried out.

<sup>7</sup> [http://ec.europa.eu/consumers/strategy/docs/consumer-complaint-recommendation\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/consumer-complaint-recommendation_en.pdf).

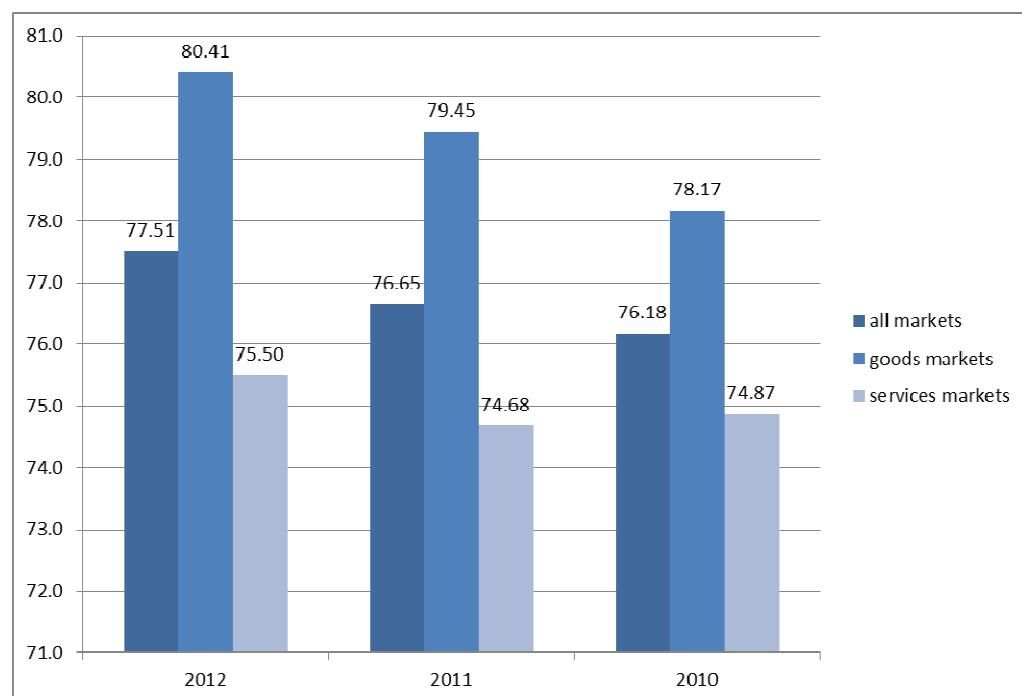
<sup>8</sup> For the 'comparability', 'trust' and 'satisfaction' components, the score was calculated by taking the mean of the answers of all respondents (on a scale from 0 to 10). The score of the 'problems and complaints' component is calculated as follows: When a respondent did not experience any problems (and therefore did not receive the complaint question), a score of 10 was assigned to this component. When a respondent experienced a problem

In addition, for the relevant markets, the Scoreboard also monitors the choice of retailers/providers and switching of tariffs/ providers.

National rankings based on the MPI are included in Annex II. Annex III contains a description of each market.

The overall assessment of market performance has improved slightly over the past two years in absolute terms. The Market Performance Indicator for all countries and all markets taken together has increased on average by 0.9 points since 2011 and by 1.3 points since 2010. In general, goods markets are still performing considerably better than services markets and the gap between the two has not narrowed since 2010. Figure 1 presents the EU27 results weighted according to each country's population size.

**Figure 1: MPI (Market Performance Indicator) – EU27, all markets**



Source: Market monitoring survey, 2012

In order to filter out possible economic or other effects that might influence the index as a whole and to isolate relative changes in the performance of each market, the MPI results for individual markets at EU and national level have been normalised to the average score of the respective group of markets (i.e. goods or services), which equals 100. This also makes comparative market

---

but did not complain, a score of 5 was assigned to this component. When a respondent complained, the score depended on the recipient of the complaint (a score of 3 when complaining to friends, family, relatives, a score of 2 when complaining to a retailer/provider or to a manufacturer; a score of 0 when complaining to a third-party complaints body).

analysis easier, by indicating the position of each market in relation to the respective average (i.e. above or below 100).<sup>9</sup>

**Figure 2** presents the normalised MPI scores at EU level for the 21 goods and 30 services markets. The scores have been weighted according to the size of each country's population, i.e. the views of consumers from large Member States have a greater influence on these results.<sup>10</sup> Lower MPI scores are an indication that the market may be malfunctioning. The table to the right of the graph indicates the difference between the normalised MPI scores of 2012 and 2011, and the ranking of markets in the last three years.<sup>11</sup> To distinguish possible patterns in the performance of specific market groups, markets that have comparable ways of functioning and characteristics are assigned numbers to classify them according to nine market clusters.<sup>12</sup>

The results largely confirm the findings of the previous two editions of the Consumer Markets Scoreboard. Among goods markets, the 'fast-moving retail' group receives the best market performance evaluations, with the markets for 'books, magazines and newspapers', 'non-alcoholic drinks' and 'bread, cereals, rice and pasta' recording the highest MPI scores. The market for 'meat and meat products' remains the lowest-performing market in the 'fast-moving' category for a third year in a row. (Semi-)durable goods markets also appear to be functioning well, with the notable exception of 'clothing and footwear', ranked third from bottom among goods markets. Finally, the automotive markets group receives by far the lowest scores, with the market for second-hand cars coming last place in the ranking for goods markets for the third year in a row, the fuels market ranked second lowest for the second year running and the market for new cars ranked fourth lowest.

The top three services markets in 2012, as in 2011 and 2010, are those for 'personal care services', 'culture and entertainment' and 'commercial sport services'. The markets at the bottom of the ranking also stay the same. For the third year in a row, last place goes to the market for 'investment products', while the markets for 'mortgages' and 'real estate services' swapped places as compared with 2011. In terms of market groups, recreational services receive the most positive assessments, with all six markets in this group scoring well above the average of all services markets. Banking services is clearly the worst performing cluster, with all four markets in this group receiving below-average scores. These are rated consistently lower by the more disadvantaged socio-demographic groups, who are most likely to suffer from a lack of financial literacy. The telecom and public utilities markets are also ranked low by consumers.

---

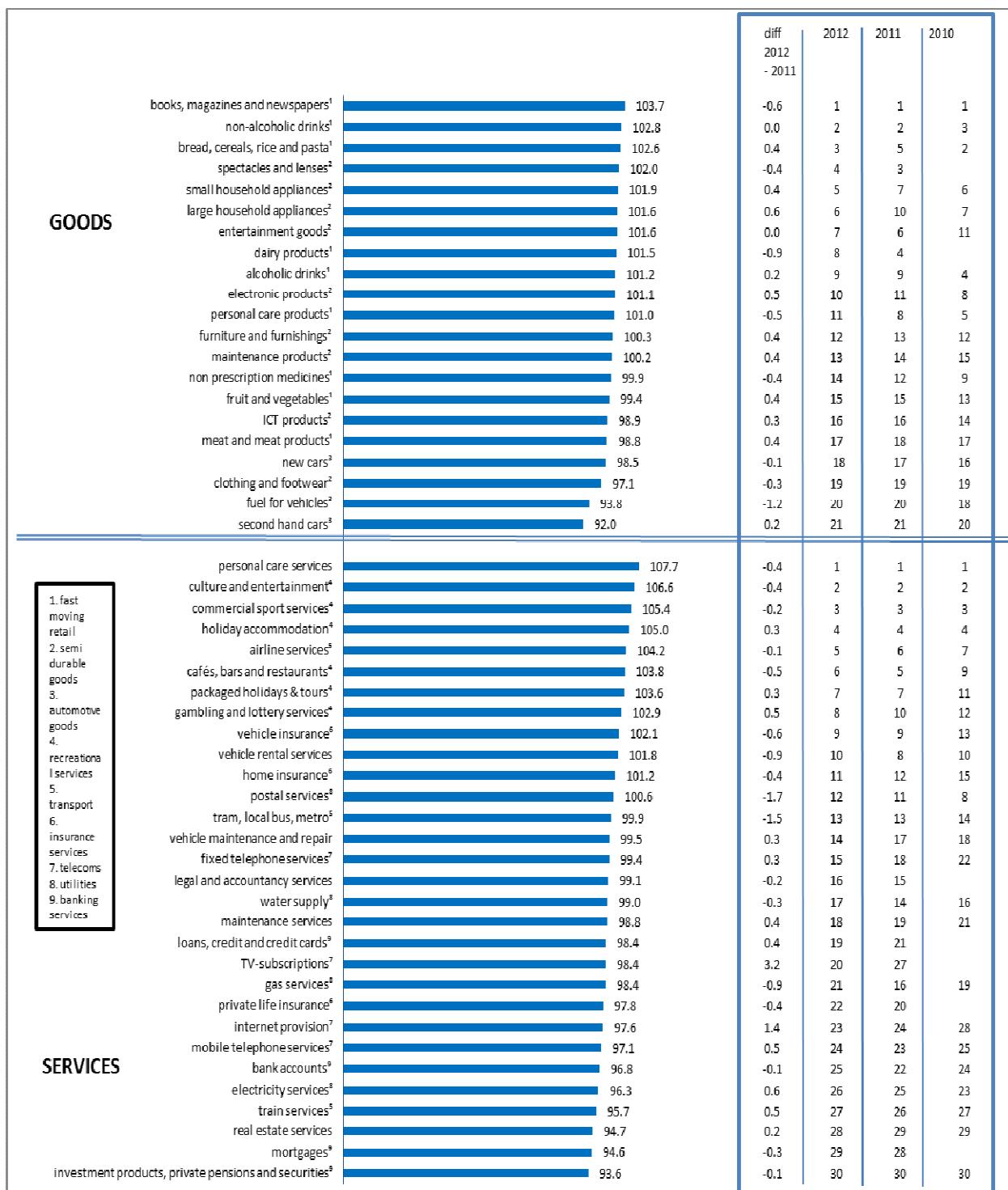
<sup>9</sup> However, it should be borne in mind that figures which have been normalised with different averages (i.e. in different country tables or for goods as opposed to services) are not strictly comparable.

<sup>10</sup> When MPI at EU27 level is calculated on the basis of equal country weightings — reflecting the extent to which problems are shared between Member States, irrespective of size — the results are largely similar. The comparison of these two rankings reveals that some sectors perform considerably worse in larger Member States than overall across the EU. This is the case for bank accounts (10 places lower in the population-based ranking), train services (-7 places), gas and postal services (-5 places), new cars, vehicle insurance and fuel for vehicles (-5 points). On the other hand, the markets for maintenance services, meat, and fruit and vegetables perform better in larger EU countries.

<sup>11</sup> In 2011, four new markets were added, three markets removed and two markets redefined. This explains the gaps in the 2010 ranking.

<sup>12</sup> The following services markets were not classified in any of the clusters: 'legal and accountancy', 'personal care', 'maintenance', 'real estate', 'vehicle rental' and 'vehicle maintenance and repair'.

**Figure 2: Normalised MPI (Market Performance Indicator) – EU27 level with sub-groups**



Source: Market monitoring survey, 2012

In terms of absolute differences in normalised MPI scores, 25 markets (including 8 goods and 17 services markets) have seen a decrease, while 24 (including 11 goods and 13 services markets) increased their score (two have the same score as in 2011). Overall, the gap between the highest- and lowest-scoring markets narrowed by 0.8 points in goods markets and 0.3 in services markets.

The highest increase can be found in the markets for TV subscriptions (+3.2) and internet provision (+1.4), which may be influenced by the rise and depth of ‘bundles’ (subscriptions combining telephone, internet and TV). In both markets, the improvement is noted for all components except switching. However, the incidence of problems and complaints is still considerably higher than in other services markets, while the choice component, in particular in the market for TV subscriptions, scores well below average. For TV subscriptions, the higher market performance score can be attributed to significant improvements in some EU12 countries.

The largest decreases in scores are found in the markets for ‘postal services’ (-1.7) and ‘tram, local bus and metro’ (-1.5). While for postal services worse performance is noted for all components except for the number of complaints, local public transport has seen a greater percentage of problems and lower ratings on the trust and satisfaction components. The deterioration in the performance of these two markets may reflect budgetary cuts in the context of austerity policies, since both depend on public funding in many countries. A significantly worse performance is also recorded, for a second year in a row, in the market for ‘fuel for vehicles’ (-1.2), which has seen a decrease in the scores on trust, satisfaction and choice, and a slight rise in the incidence of problems encountered by consumers.

The risk of consumer detriment is higher in markets where consumers spend more money. **Figure 3** shows the MPI scores of each market in relation to its share in the household budget (data from the Household Budget Survey<sup>13</sup> — HBS). There is a clear trend towards better performance in markets where consumers spend more. In the case of mortgages (one of the underperforming markets), the low share in overall consumption<sup>14</sup> does not fully reflect the potential detriment to consumers, because it merely includes the charges associated with the loan. To gauge the risk for consumers, one should consider that interest paid contributes to net property income and thus the disposable income of households.<sup>15</sup> Similarly, some other markets (‘investments, pensions and securities’, ‘real estate services’) have a big impact on households’ wealth and disposable income<sup>16</sup> despite accounting for a small share of expenditure.

---

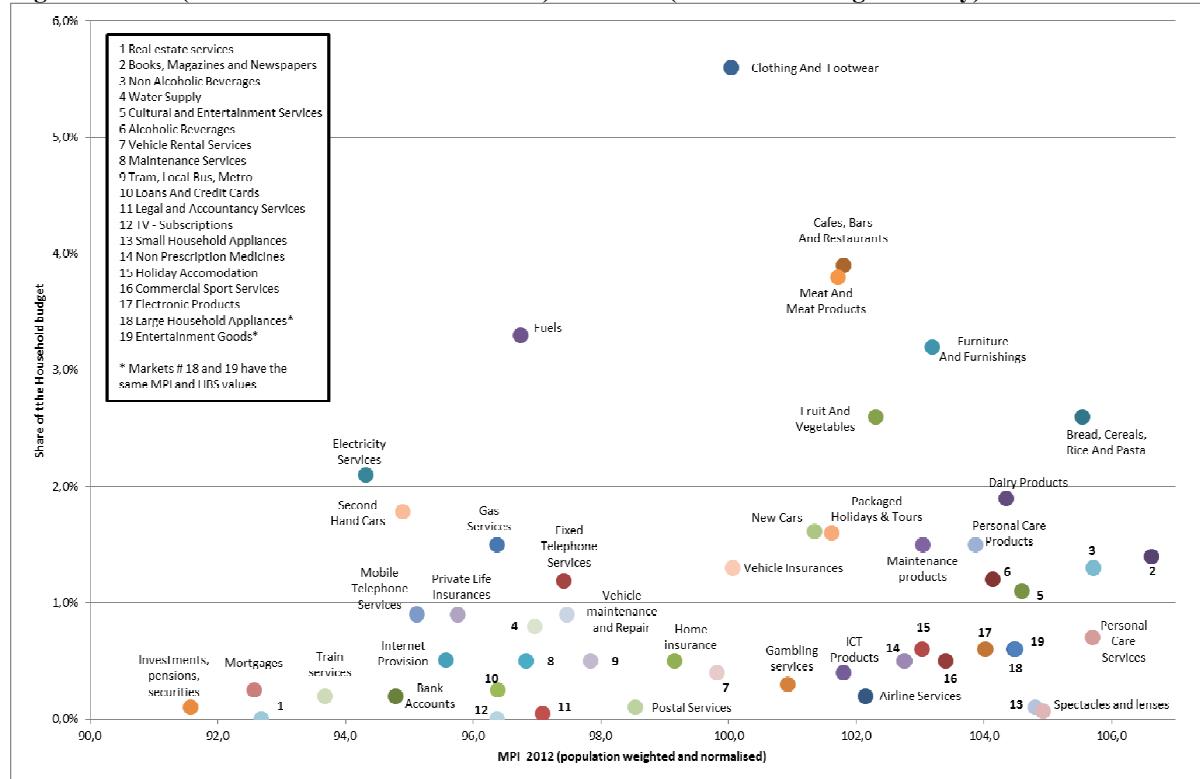
<sup>13</sup> Eurostat figures for 2005 and estimates for missing categories.

<sup>14</sup> Estimated from HBS data.

<sup>15</sup> Interest paid by households (on all kind of loans and on other accounts payable) represents 2.2% of EU households’ disposable income (Eurostat, sector accounts 2011).

<sup>16</sup> Property income represents 14.6% of EU households’ disposable income (Eurostat, sector accounts 2011).

**Figure 3: MPI (Market Performance Indicator) and HBS (Household Budget Survey)**



Source: Market monitoring survey 2012, Eurostat data, estimates

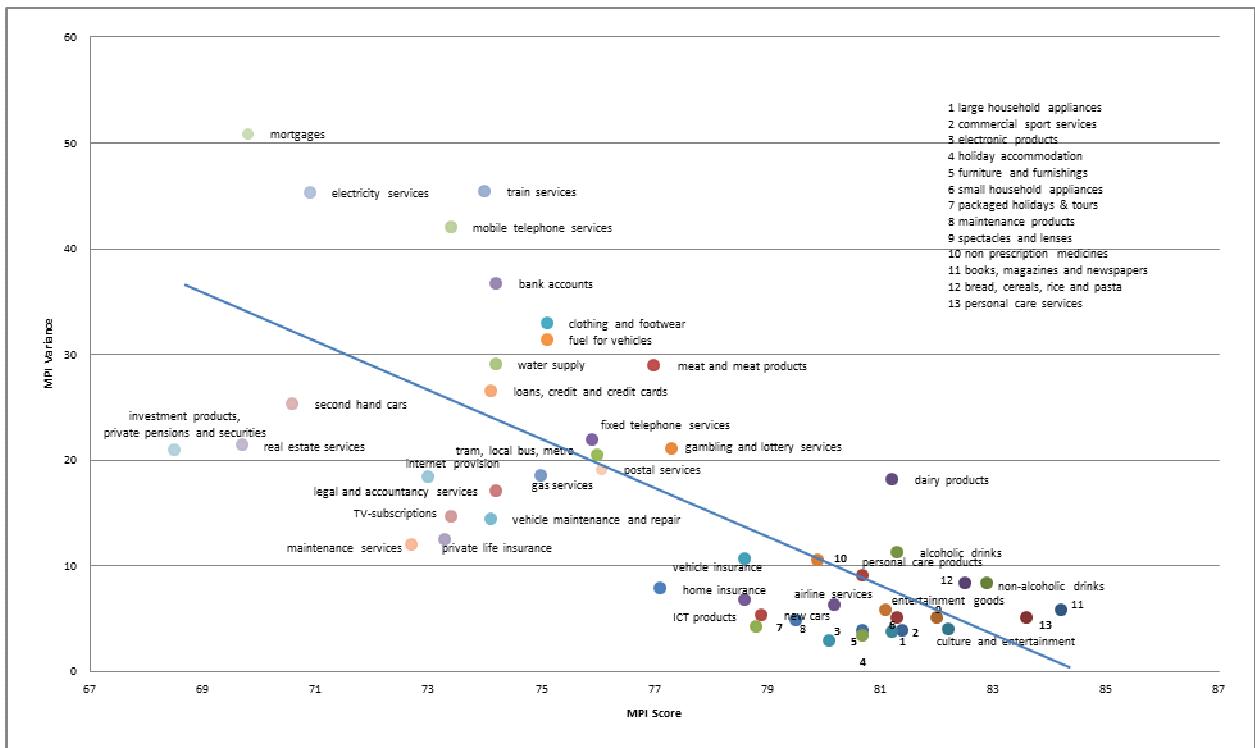
## 2.2. COUNTRY DIFFERENCES IN MARKET ASSESSMENT

MPI spread across the EU countries reflects the differences in outcomes for consumers and can therefore be seen as a soft indicator of Single Market integration insofar as consumer experience is concerned. Taking MPI variance as a measure of spread, services markets on the whole show a wider divergence across EU Member States than goods markets (variance is 13.5 and 8.2 respectively), which might be explained in part by the lower cross-border tradability of services. In general, banking and network services have the most heterogeneous performance across Member States, with the markets for mortgages, train services and electricity services showing the greatest divergence. The most integrated markets include recreational services (which may reflect the inherent characteristics of these markets) and certain (semi-)durable goods such as household equipment (which tend to be more uniform across the EU than other products). In addition, the high negative correlation (-0.71, at 0.05 significance level)<sup>17</sup> between MPI variance and MPI scores shows that markets which are more integrated from the perspective of consumer experience tend also to perform better. This could be interpreted as supporting the view that internal market integration works to the benefit of the consumers.<sup>18</sup>

<sup>17</sup> The EU-level MPI scores for each market are calculated on the basis of equal country weightings, reflecting the extent to which problems are shared among Member States, irrespective of size. When MPI scores are weighted according to the size of each country's population, the correlation with MPI variance is -0.73.

<sup>18</sup> It should be noted, however, that market-specific MPI variance across the EU may reflect not only the degree of market integration but also different consumer preferences and product heterogeneity within each market.

**Figure 4: Correlation between MPI variance and MPI score**

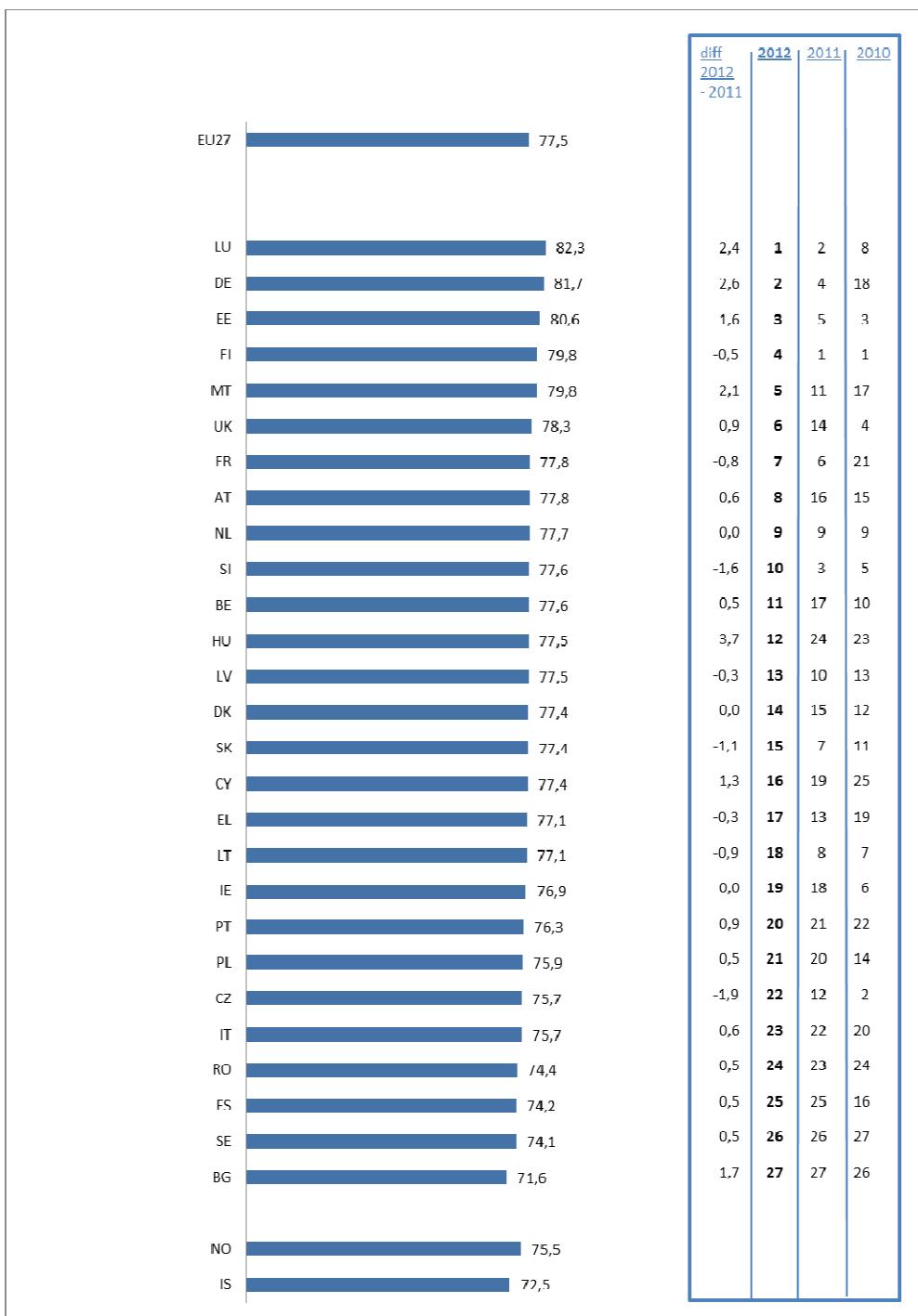


Source: Market monitoring survey, 2012

Overall market assessment (across all markets) varies significantly between countries (Figure 5). Of course, consumers in different countries may differ in their evaluations not only because of actual differences in market performance, but also due to cultural differences, differences in consumption patterns and different consumer environments (e.g. well-informed and empowered consumers may be more critical and/or have higher expectations). Economic and market differences may also play a role. For instance, both prices and consumer confidence in the state of the economy have a statistically significant, albeit small to modest, influence on how markets are evaluated (correlations of -0.14 and 0.32 respectively, at 0.05 significance level).<sup>19</sup> Taking these caveats into account, consumers in Luxembourg, Germany and Estonia give the highest market performance scores while Bulgarian, Swedish and Spanish consumers are the most critical in their assessment. The largest increases in scores since 2011 can be seen in Hungary and Germany. The Czech Republic and Slovenia, on the other hand, record the largest decrease in the overall market performance score.

<sup>19</sup> Economic, social and business statistics are regularly provided by Eurostat — <http://epp.eurostat.ec.europa.eu>. A detailed overview of consumer conditions in EU Member States, plus Iceland and Norway, can be found in the latest edition of the Commission's Consumer Conditions Scoreboard — [http://ec.europa.eu/consumers/consumer\\_research/documents/7th\\_edition\\_scoreboard\\_en.pdf](http://ec.europa.eu/consumers/consumer_research/documents/7th_edition_scoreboard_en.pdf).

**Figure 5: MPI by country (across all markets)**



Market performance is in general assessed slightly more positively by consumers in EU15 than in EU12 countries (difference of over two points in absolute scores on a scale of up to 100) and this difference has increased over the past three years. However, there are exceptions, such as telecoms (fixed and mobile telephone services, internet provision and TV subscriptions), postal services and airline services, which score higher in the EU12 than in the EU15.

As for the regional breakdown, market performance is assessed most positively in Western Europe (79.3 points, as compared with 76.4 in Northern Europe, 75.7 in Eastern Europe and 75.4 in Southern Europe).

**Table 1: Regional and EU differences**

	<b>EU15</b>	<b>EU12</b>	<b>Diff. EU15- EU12</b>	<b>North</b>	<b>South</b>	<b>East</b>	<b>West</b>
<b>All markets 2012</b>	<b>77.9</b>	<b>75.7</b>	<b>2.2</b>	<b>76.4</b>	<b>75.4</b>	<b>75.7</b>	<b>79.3</b>
<b>Market clusters</b>							
Fast-moving retail	82.4	78.1	4.0	80.6	80.6	78.1	83.2
(Semi-)durable goods	81.4	79.0	2.4	80.9	80.9	78.3	80.0
Telecoms	73.2	75.3	-2.1	73.6	73.6	67.6	69.5
Transport	75.4	75.2	0.2	75.4	75.4	74.8	72.0
Utilities	74.2	73.3	0.9	74.1	74.1	75.3	70.1
Banking services	71.8	69.1	2.7	71.3	71.3	73.1	65.8
Insurance services	75.9	75.7	0.2	75.8	75.8	74.5	72.3
Automotive goods	76.0	71.4	4.6	75.2	75.2	76.3	73.0
Recreational services	80.5	78.2	2.3	80.1	80.1	79.5	79.6

### 2.3. SOCIO-DEMOGRAPHIC DIFFERENCES IN MARKET ASSESSMENT

Market assessments also differ according to socio-demographic variables. The five socio-demographic variables screened in the survey are gender, age, education, occupation and internet usage. The performance of particular markets can be evaluated differently by different socio-demographic groups because they use and experience them differently and encounter different problems.

The performance of goods markets is much more homogeneous across different socio-demographic groups than that of services markets. Table 2 indicates statistically significant differences (at 0.001 level) in the assessment of each market by different socio-demographic groups and the average score for all markets taken together.

The gender-based analysis shows that in general women are more positive in their evaluation of market performance than men, with statistically significant differences for 13 markets. For the goods markets, this finding applies to certain fast-moving retail goods and small household appliances. This is significant in the light of the fact that women traditionally have the main responsibility for purchasing these types of goods and are thus more familiar with these markets. Analysis at market-group level shows that men's and women's evaluations differ mainly for those market groups where less household-level spending occurs. It may be that couples discuss common household purchases more among themselves, so they have a more consistent view of these markets.

As for the different age groups, young people (aged 18-24), followed by the oldest age group (55+), seem to be more positive in their market evaluations than average. The 35-54 age group gives lower than average scores. Almost all markets relating to private or public transport (with the exception of train services) are evaluated more positively by older people. On the one hand, one could hypothesise that older people are less mobile and therefore have lower expectations and fewer problems. On the other hand, older people have experienced the development of transport services over time and may give a more positive evaluation of the current market situation as a result.

Analysis according to degree of education uses a breakdown according to four categories: people who went to school until the age of 15, those who stayed in secondary education until the age of between 16 and 19, higher-educated respondents (who stayed in education until at least the age of 20) and those who are still studying. People who are still studying and higher-educated respondents tend to evaluate market performance more positively than lower-educated persons. The lowest-educated respondents tend to give above-average scores to the markets for somewhat cheaper fast-moving retail goods and significantly lower scores to those for more expensive goods, such as new cars, clothing and footwear, fuel for vehicles, and furniture and furnishings. As regards services, the lowest-educated group appears to have more negative experiences with more complicated markets (such as the four banking services, real estate services, and legal and accountancy services).

The survey distinguishes between eight occupational groups: the self-employed, managers, white-collar workers other than managers and the self-employed, blue-collar workers, students, house-persons (not in paid employment, taking care of the home), the unemployed, and retired people. Three groups – blue-collar workers and, in particular, the self-employed and the unemployed – stand out as giving more negative market evaluations. The two latter groups evaluate 29 and 27 markets, respectively, more negatively than the average. These markets include the banking services cluster, real estate services, and legal and accountancy services. Blue-collar and unemployed respondents also have lower levels of education than other occupational groups, which could have implications for the number of problems encountered, choices made and the level of trust in providers. These groups could also be more subject to budgetary limitations in making their consumer choices. In the case of self-employed workers, the lower market assessment could perhaps be linked to higher expectations and a greater degree of empowerment (as suggested by the higher level of education of this group of respondents). However, these hypotheses require further research.

The performance of 14 markets is given a significantly more negative evaluation by consumers who do not use the internet for private purposes. This group gives above-average scores to three markets, including those for postal services and mobile phone services, which they perhaps use more often.

The results suggest that certain types of market may be particularly problematic for potentially more vulnerable consumer groups. For instance, some more complicated services markets (banking services cluster, real estate services, legal and accountancy services) are rated consistently lower by more disadvantaged socio-demographic groups (those with lower education, lower occupation status, and not using the internet).

Table 2: MPI broken down according to socio-demographic indicators

	Gender		Age			Education				Occupation								No private internet use
	Male	Female	18-34y	35-54y	55+y	Up to 15y	16-19y	20+y	Still studying	Self-employed	Manager	Other white collar	Blue collar	Students	House-person	Un-employed	Retired	
All markets 2012	76.8	78.1	77.9	77.2	77.6	77.4	77.2	77.7	78.0	75.1	77.7	77.9	77.1	78.2	78.1	75.6	78.1	77.4
<b>Goods markets</b>																		
Fruit and vegetables	-	+				+	-		-	-				-				
Meat and meat products	-	+				+	-			-								
Bread, cereals, rice & pasta	-	+				+	-			-								
Non-alcoholic drinks							-						-					
Alcoholic drinks							-			-	+							-
Clothing and footwear							-	+				+			-			
Maintenance products																		-
Furniture and furnishings	-					-												
Electronic products												+			-			
Large household appliances											+				-			
Small household appliances	-	+							-					-				
ICT products						-						+			-			-
Entertainment goods			+				-						+	-	-	-		-
New cars			-			+	-		+	-			-	-	-	-	+	
Second hand cars						+				-				+	-	-	+	
Fuel for vehicles						+	-		+			+		-	-	-	+	-
Books, magazines and newspapers	-	+													-			
Personal care products	-		+			+				-								

	Gender		Age			Education				Occupation								No private internet use
	Male	Female	18-34y	35-54y	55+y	Up to 15y	16-19y	20+y	Still studying	Self-employed	Manager	Other white collar	Blue collar	Students	House-person	Un-employed	Retired	
Non prescription medicines	-	+								-								
Spectacles and lenses			+															
Dairy products							-			-								
<b>Services markets</b>																		
Real estate services	-	+	-	+	-	-	-	+	-	-	+	+	-	+	-	-	-	-
Maintenance services										-				+	-	-		
Personal care services																		
Vehicle maintenance and repair			-	+	+			-	-				-	-	-	-	+	+
Bank accounts	-	+				-				-					-	-		
Investment products, private pensions and securities			+			-	-		+	-		+	+	+				-
Home insurance									-	-			-	-	-	-		
Vehicle insurance				+	-			-			+				-	-		-
Postal services										-				+	-	-		+
Fixed telephone services																-		
Mobile telephone services										-	-			+	-			+
Internet provision			+	-					-							-		
Tram, local bus, metro			-	+											-	+	+	
Train services			-						-								+	
Airline services					-			+					-					
Vehicle rental services														+	-			-

	Gender		Age			Education				Occupation							No private internet use
	Male	Female	18-34y	35-54y	55+y	Up to 15y	16-19y	20+y	Still studying	Self-employed	Manager	Other white collar	Blue collar	Students	House-person	Un-employed	Retired
Holiday accommodation	-	+			+	+			-					-			
Packaged holidays & tours										-					-		+
Cafés, bars and restaurants	-	+				+				-							
Commercial sport services	-	-								-							
Culture and entertainment	-	+			-							+				-	-
Gambling & lottery services					-	+	-					+				-	-
Water supply				-	+					-					-	+	
Electricity services										-					-	+	
Gas services										-					-	-	
Mortgages						-		+		-	+	+	+	+	-	-	-
Private life insurance			+						+	-				+	+		
TV-subscriptions			+	-	-			+	-					+	-	-	
Legal & accountancy services	-	+				-								+	-	-	
Loans, credit & credit cards	-	+			+	-		+		-		+	-		-	+	-

## 2.4. MARKET ASSESSMENT COMPONENTS

Figures 6 to 16 present the EU-level results of the 2012 market monitoring survey on individual indicators, weighted according to the size of each country's population. The EU27 averages for each indicator are based on all countries and all markets taken together. The rating for 'comparability', 'trust', 'satisfaction', 'choice' and 'ease of switching' is based on a scale of 0 to 10. In order to make the presentation of results more intelligible, the scores are regrouped into three categories: score 0-4 (low rating), score 5-7 (average rating) and score 8-10 (high rating). The differences from 2011 are also reported (those that are not bolded are not statistically significant, at 0.05 level).

### 2.4.1. Comparability

The comparability indicator measures consumers' ability to understand and compare different offers and thus make informed choices. Complexity and opacity in product characteristics, prices and marketing strategies will make it difficult for consumers to shop around for the 'best' deal, causing consumer detriment at an individual level but also reducing rivalry among competitors and thus overall economic efficiency.<sup>20</sup> The comparability component shows a high correlation (0.72) with the overall market performance index.

Taking all markets together, the average score for comparability (7.3) is 0.1 point higher than the 2011 average, confirming the slight positive trend observed in last year's results. Just over half of all consumers (56%) rate this component as very good while 11% consider it very poor.

Consumers find it considerably more difficult to compare services than to compare goods, giving average comparability scores of 7.0 and 7.7 respectively. This may be explained *inter alia* by the greater complexity of service offers as regards tariffs, bundles and numerous contractual terms which hamper consumers' ability to make informed comparisons.

Banking services and utilities are by far the worst-performing clusters within this component, with a fifth of consumers finding it very difficult to compare investment products, water supply, electricity services and mortgages. These results are in line with findings from in-depth studies on current bank accounts,<sup>21</sup> retail investments<sup>22</sup> and the retail electricity sector<sup>23</sup> which showed that many consumers struggle with price comparison and find it difficult to

---

<sup>20</sup> OFT's market study into the advertising of prices, 2009 – <http://www.oft.gov.uk/OFTwork/markets-work/advertising-prices>.

<sup>21</sup> *Data collection for prices of current accounts provided to consumers*, Study on behalf of the European Commission, Directorate-General for Health and Consumers, 2009 – [http://ec.europa.eu/consumers/strategy/docs/prices\\_current\\_accounts\\_report\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/prices_current_accounts_report_en.pdf).

<sup>22</sup> *Consumer Decision-Making in Retail Investment Services: A Behavioural Economics Perspective*, Study on behalf of the European Commission, Directorate-General for Health and Consumers – [http://ec.europa.eu/consumers/strategy/docs/final\\_report\\_en.pdf](http://ec.europa.eu/consumers/strategy/docs/final_report_en.pdf).

<sup>23</sup> *The functioning of retail electricity markets for consumers in the European Union*, Study on behalf of the European Commission, Directorate-General for Health and Consumers, 2010 – [http://ec.europa.eu/consumers/consumer\\_research/market\\_studies/docs/retail\\_electricity\\_full\\_study\\_en.pdf](http://ec.europa.eu/consumers/consumer_research/market_studies/docs/retail_electricity_full_study_en.pdf).

choose the best deal. They also suggested that good design for information disclosure can considerably improve consumer decision-making.

Among goods markets, comparison was deemed hardest for ‘second-hand cars’, ‘non-prescription medicines’, and ‘fuel for vehicles’, as was the case in 2011.

As compared with 2011, average scores on comparability have increased or remained stable for all markets except for ‘postal services’, where there has been a slight decrease (-0.1 point). The highest increases (+0.3 points) are recorded in the markets for ‘TV subscriptions’, ‘internet provision’; ‘gambling and lottery’ and ‘fruit and vegetables’.

The markets for ‘spectacles and lenses’, ‘non-prescription medicines’, ‘water supply’, ‘postal services’ and ‘legal and accountancy services’ are rated lower on comparability than for the overall market-performance ranking. In contrast, the markets for ‘ICT products’, ‘fruit and vegetables’, ‘small household appliances’, ‘internet provision’, ‘mobile telephone services’, ‘TV subscriptions’ and ‘real estate services’ rank higher on this component than in the MPI index.

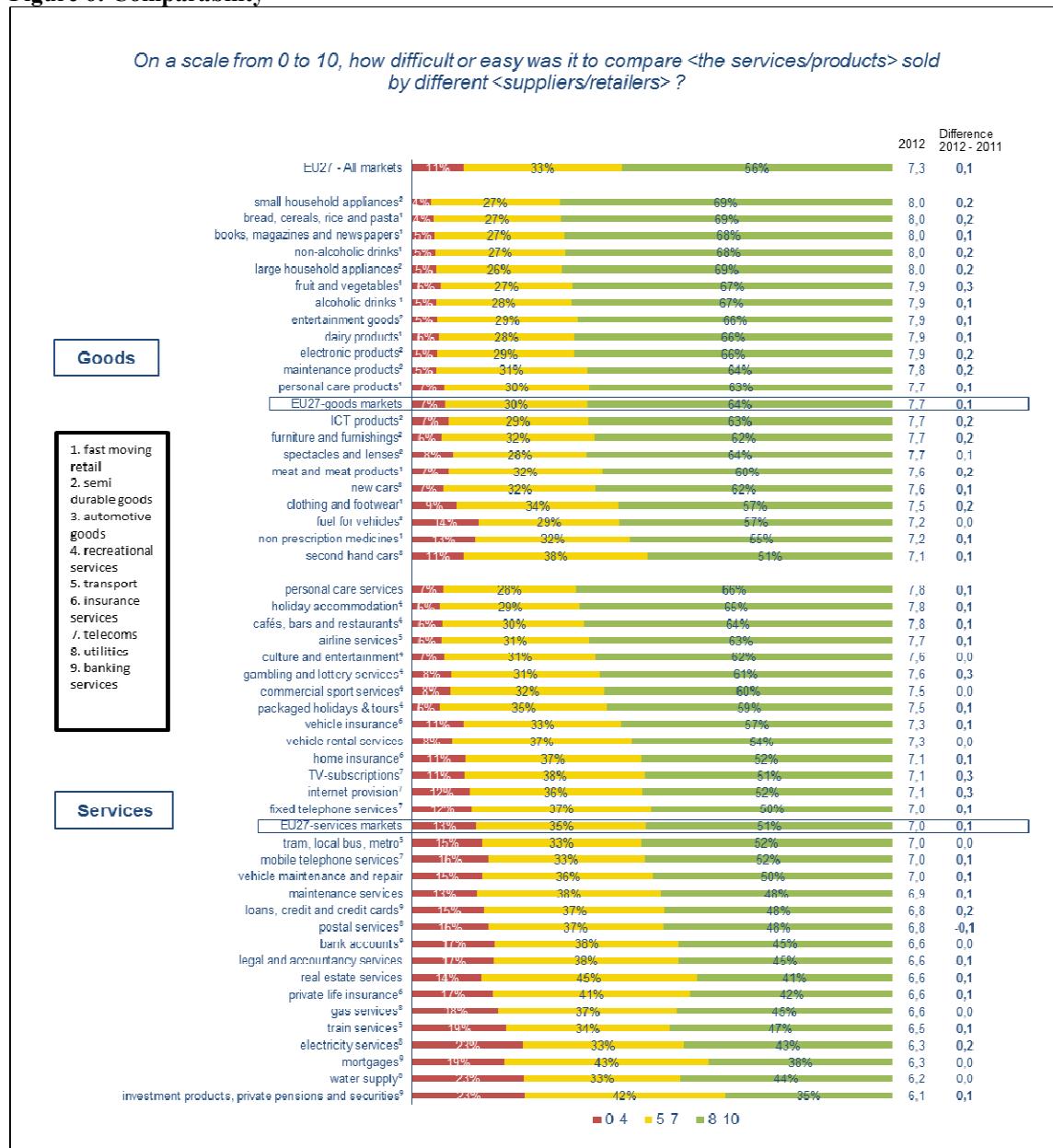
From the regional perspective, comparability is rated lower in Northern and Southern European countries, but higher than the EU27 average in Eastern and Western European countries. In the telecom and insurance markets, in particular, a lower score is recorded for this component in the Northern European region, while the highest scores are found in Eastern European countries.

As for the different socio-demographic groups, women tend to be more positive in their evaluation of comparability. However, the market groups where spending is more likely to be at household level, such as utilities, insurance services or automotive goods, show no significant differences. Of the different age groups, younger people give the highest scores, in particular for telecoms, transport and recreational services, which are perhaps the markets they use more often.

Distinguishing according to degree of education, students are most positive overall. The lowest-educated consumers give a particularly low assessment of banking services, which might be due to their complexity.

In general, house-persons evaluate comparability higher than other occupation groups, while self-employed people are less positive. People who do not use the internet for private reasons find it harder to compare (semi-)durable goods, banking services, automotive goods and recreational services – arguably markets where products and services are often compared via the internet.

**Figure 6: Comparability**



Source: Market monitoring survey, 2012

#### 2.4.2. Trust

The trust component measures the extent to which consumers feel confident that businesses comply with consumer protection rules. Consumer trust is fundamental to well-functioning markets — as Kenneth Arrow observed, ‘virtually every commercial transaction has within itself an element of trust’.<sup>24</sup> Proper enforcement of consumer legislation is also of crucial

<sup>24</sup> Arrow, Kenneth. *Gifts and Exchanges*. Philosophy and Public Affairs, 1972, 1, p. 357.

importance to protect reputable businesses from unfair competition. Trust has a very high correlation with MPI scores (0.8), indicating that if trust is high in a market the overall performance of that market is likely to be positive as well.

Consumers' trust in suppliers' compliance with consumer protection rules has seen a slight but steady increase over the past three years. However, with an average score of 6.9, trust is still the lowest-scoring of the four components included in the MPI. In 2012, less than half of respondents (47%) expressed a high level of trust while 13% are not confident of businesses' compliance with consumer protection rules.

Trust in goods market retailers is clearly higher than in service suppliers, with average scores of 7.1 and 6.7 respectively. In particular, ongoing services score low on trust, with all banking, telecom and insurance services, and the markets for electricity and gas, ranked below average. Poor compliance with consumer protection legislation in the banking sector was confirmed by the EU-wide 'sweep' investigation<sup>25</sup> of websites offering consumer credit, which was carried out in September 2011.

Among goods markets, 'second-hand cars' and 'fuel for vehicles' have by far the worst scores for a third year in a row. The market for second-hand cars has the lowest score for trust of all surveyed markets, which may in part be explained by the problems of asymmetric information typical for this market.<sup>26</sup> It is, however, worth mentioning that trust is actually increasing. Whereas last year consumers who gave a poor rating outnumbered those who gave a very good rating, this balance has shifted to the positive side in 2012.

The average score on trust has seen a slight(less than 0.1 point), statistically significant decline for only two of the 51 markets surveyed: 'gas services' and 'postal services'. The highest increase in this area (+0.4 points) is found in the market for TV subscriptions. This may indicate that suppliers of TV subscriptions are making clearer and more transparent offers to consumers. In addition, an increase of 0.2 points is seen for the market of train services.

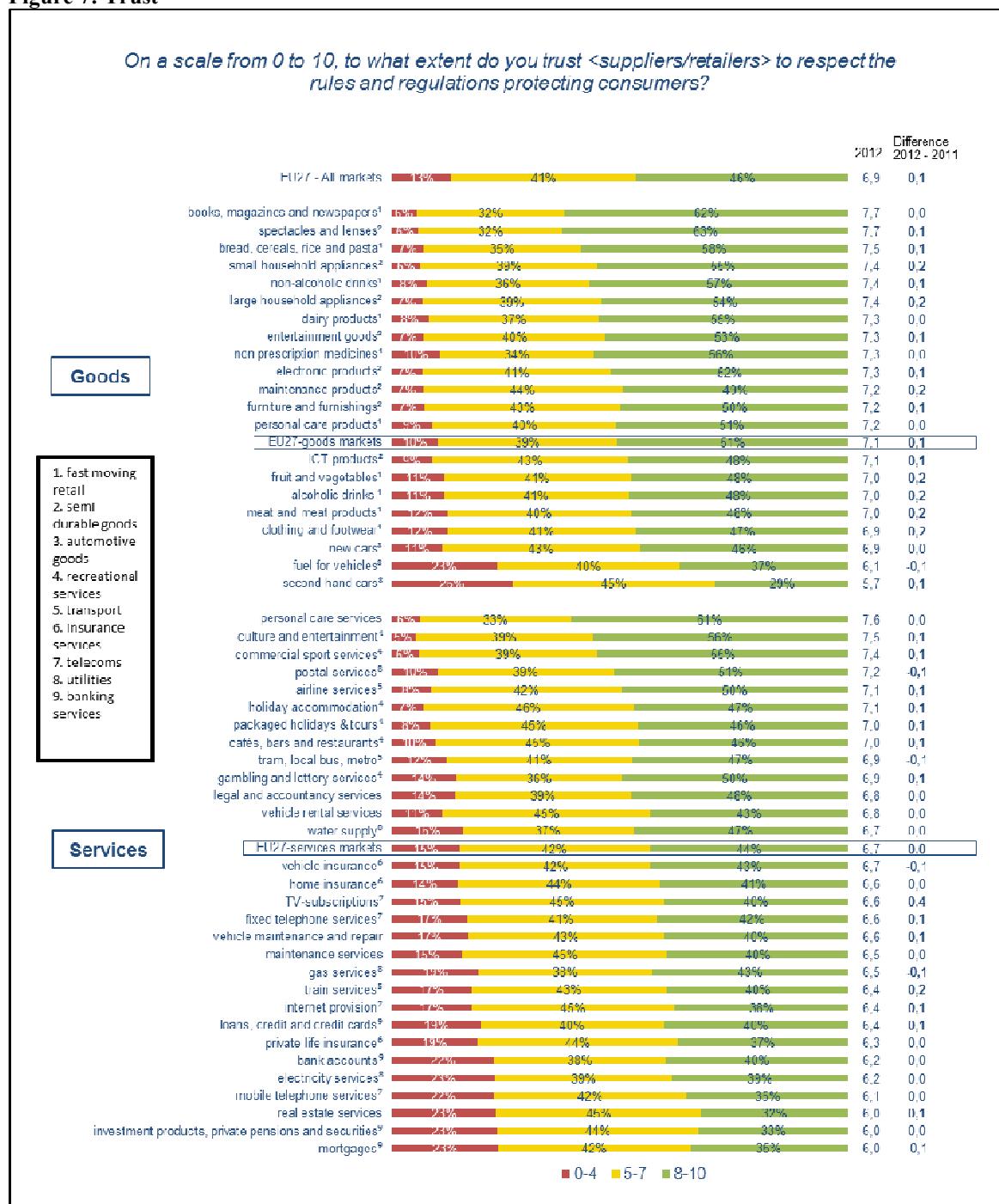
Markets with a lower position in the trust ranking than in the overall MPI ranking include those for 'alcoholic drinks', 'non-alcoholic drinks', 'vehicle insurance', 'vehicle maintenance and repair services', 'loans, credit and credit cards' and 'home insurance'. In contrast, the trust component has a positive impact on the MPI score for the markets in 'non-prescription medicines', 'water supply', 'tram, local bus, metro', 'TV subscriptions', 'legal and accountancy services', 'train services' and 'postal services'.

---

<sup>25</sup> A 'sweep' is an enforcement exercise, coordinated by the Commission, where national enforcement authorities simultaneously check websites in a particular sector for breaches of EU consumer law. The national authorities then contact operators about suspected irregularities and ask them to take corrective action.

<sup>26</sup> Akerlof, George, *The Market for 'Lemons'*, 1970.

**Figure 7: Trust**



Source: Market monitoring survey, 2012

Trust is evaluated highest in Western and Northern European countries, while in Eastern and Southern European countries it is assessed below the EU27 average. This difference is particularly visible in the banking markets, which could be related to the fact that the banking crisis has hit the latter regions worst.

Looking at the different socio-demographic groups, women, young people and internet users tend to assign higher scores to trust. People with a lower level of education seem to evaluate trust more negatively than average for the markets in (semi)-durable groups, telecoms, banking services, insurance services and automotive goods, while students are most

positive overall. Trust is particularly low among self-employed and unemployed people, while managers and other white-collar workers give higher trust scores for almost all market groups.

#### 2.4.3. Problems

The problems component captures issues that do not appear in complaints statistics. It is particularly useful for markets where consumers are discouraged from complaining because of unavailable or burdensome complaint procedures or because the level of detriment is considered relatively low.

In 2012, 9 % of consumers across the 51 markets reported problems with a service/product or supplier/retailer regarding which they thought they had a legitimate reason to complain. This represents a drop of 1.5 % and 2 % respectively as compared with 2011 and 2010.<sup>27</sup> As with the comparability and trust indicators, goods markets again score higher than services markets.

As can be seen from Figure 8, there are considerable differences in the number of problems consumers experience in different markets. Telecom services ('internet provision', 'mobile telephone services' and 'TV subscriptions') and train services score the lowest, with up to a fifth of consumers reporting problems. A high incidence of problems with internet service provision was confirmed by a recent market study, which estimated total consumer detriment at between EUR 1.4 and 3.9 billion per annum.<sup>28</sup> In the goods markets, consumers are most likely to experience problems with 'second-hand cars', 'clothing and footwear' and 'ICT products'.

Interestingly, the biggest decrease in the number of problems (-4 to -9 percentage points) has been recorded in the markets for 'internet provision', 'mobile telephone services' and 'TV subscriptions' (i.e. three of the four markets with the highest number of problems). The markets with the highest increase in problems encountered are those for 'clothing and footwear' (+3), 'tram, local bus and metro' and 'postal services' (both +2).

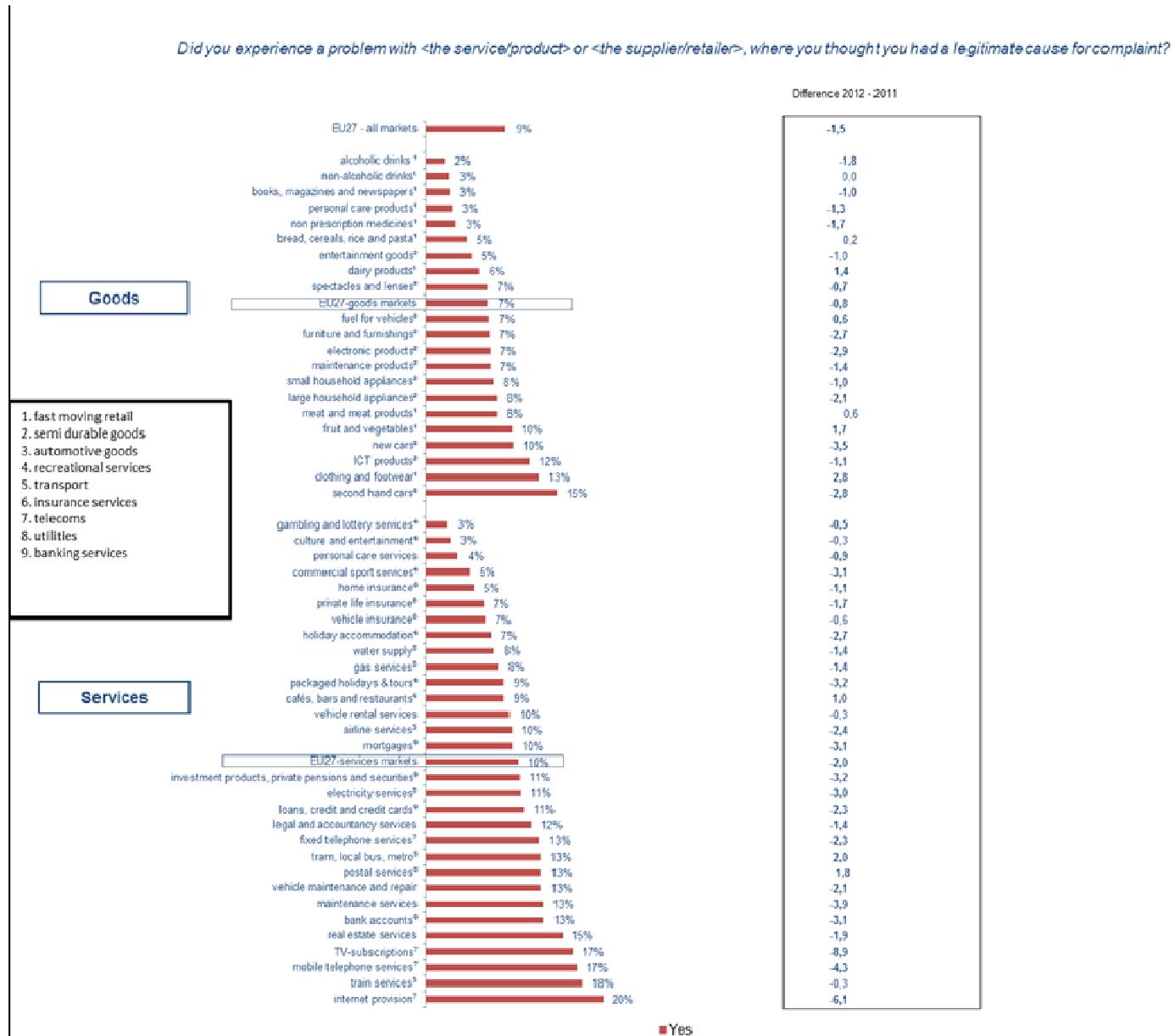
The markets for 'large household appliances', 'small household appliances', 'vehicle maintenance' and 'airline services' show the biggest drop in their ranking based on the problem indicator as compared with the MPI. A positive impact of the problem component on the MPI score can be seen in the markets for 'personal care products', 'alcoholic drinks', 'non-prescription medicines' and 'fuel for vehicles'.

---

<sup>27</sup> The question on problems was slightly reformulated in 2012.

<sup>28</sup> *Internet service provision from a consumer perspective*, Study on behalf of the European Commission, Directorate-General for Health and Consumers. (The study has just been finalised and is expected to be published in early 2013).

**Figure 8: Problems (% of respondents)**



Source: Market monitoring survey, 2012

From a socio-demographic perspective, young people, the unemployed, the self-employed and blue-collar workers seem to encounter most problems. This could be related to the fact that these groups may choose products of lower price and quality due to budgetary constraints. A possible explanation for a higher incidence of reported problems among younger respondents could be that they are less experienced consumers and therefore more likely to consider difficulties in specific markets as problems. Men tend to experience more problems than women, with statistically significant differences for the banking services and automotive goods. This may be because, according to traditional gender roles, men tend to deal with issues regarding banking and, for instance, the family car.

#### **2.4.4. Complaints**

The complaints indicator captures the severity of a problem, given that more time and effort is needed to complain to an official body than to family or friends. At the same time, the fact that consumers do complain when they experience problems is an important feedback mechanism for businesses, allowing them to improve their performance, and provides useful information to authorities about where policy intervention may be needed. The component of problems and complaints has a somewhat lower correlation with the overall MPI scores (0.6) than other MPI components.

Three quarters (76%) of consumers who encountered a problem complained about it to the company, a complaint body, friends or family. Consumers' propensity to complain has dropped considerably for both goods and services markets as compared with 2011 (81%) and 2010 (79%).

For all goods and services markets, by far the most likely party to be addressed is the seller of the product or the provider of the service, i.e. the immediate and known point of contact (approached by 60% of respondents who encountered a problem). Only 5% of those who had a problem addressed their complaint directly to a manufacturer.<sup>29</sup> Complaints addressed to a third party such as a public authority, consumer organisation or ombudsman remain rare (7%) and are more likely to occur in services markets (9% as against 4% in goods markets). Finally, almost a third of consumers (31%) shared their problems with friends and family, confirming the importance of 'word-of-mouth' in reporting bad experiences.

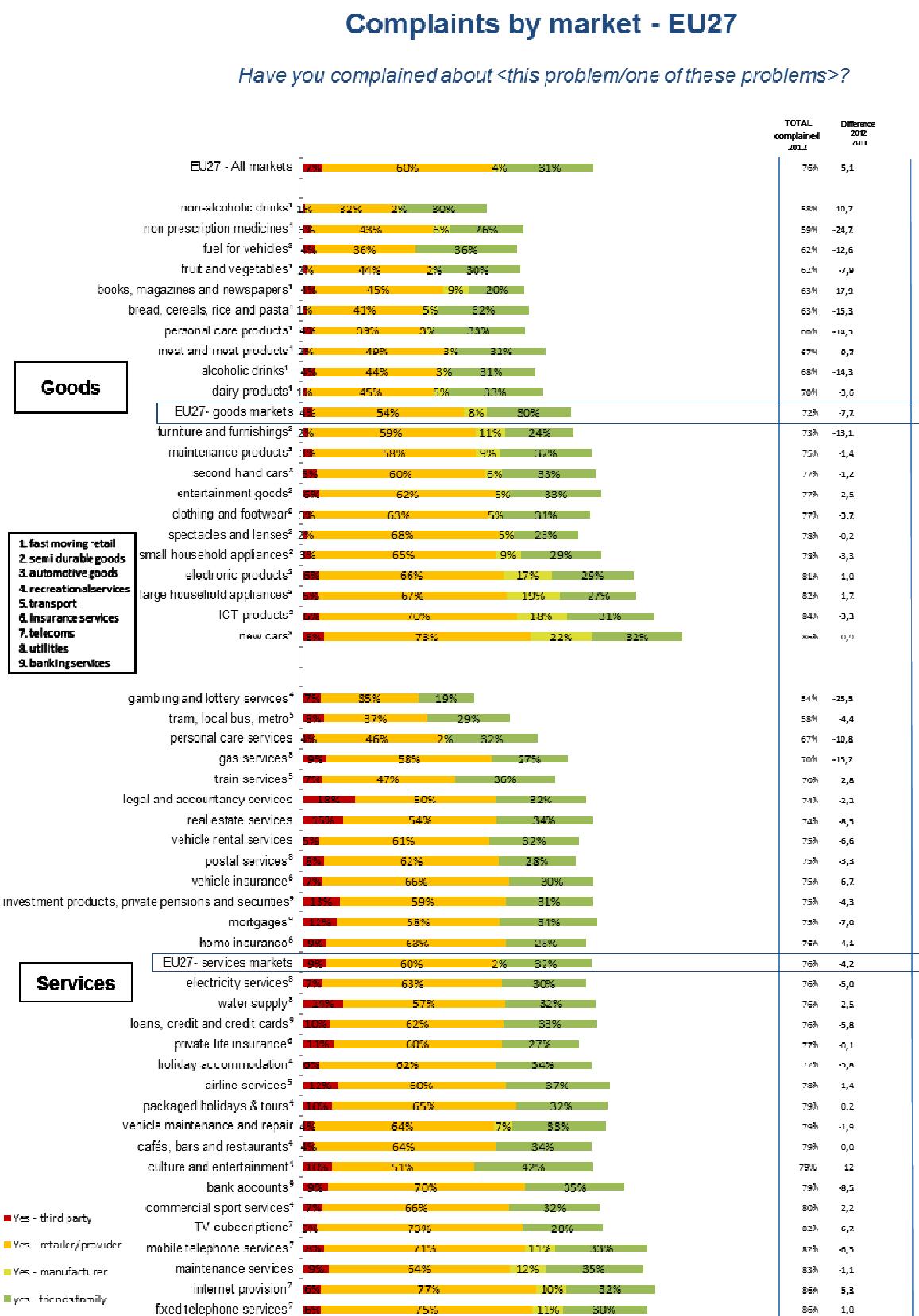
Figure 9 presents, by market, the parties to which consumers complained.<sup>30</sup> In the goods markets, consumers are most likely to complain about 'new cars', followed by 'ICT products'. Fast-moving consumer goods such as 'non-alcoholic drinks' are the least likely to attract consumer complaints. It therefore appears that the likelihood of complaining is linked to the monetary value of the goods involved. In addition, the availability of a warranty on the goods purchased might also play a role since the complaint could in some cases be made together with the request to have the problem fixed under the warranty conditions. Among services markets, EU consumers are most likely to complain about telecom services (the five markets with the largest number of complaints include 'fixed telephone services', 'internet provision', 'mobile telephone services' and 'TV subscriptions') and house maintenance services. In contrast, they are least likely to voice a complaint about 'gambling and lottery' and 'tram, local bus and metro'. The market for 'legal and accountancy' services clearly tends to generate the highest number of complaints to an 'official' third party.

---

<sup>29</sup> The answer option 'to a manufacturer' was possible only for the following services markets: 'house and garden maintenance services', 'personal care services', 'vehicle maintenance and repair services', 'fixed telephone services', 'mobile telephone services' and 'internet provision'. The question was asked for all goods markets except that for 'vehicle fuels'.

<sup>30</sup> Due to the low numbers of consumers who say they have experienced a problem in a given market, no comparisons regarding complaint behaviour are made between 2012 and 2011, as the margin of error is too high.

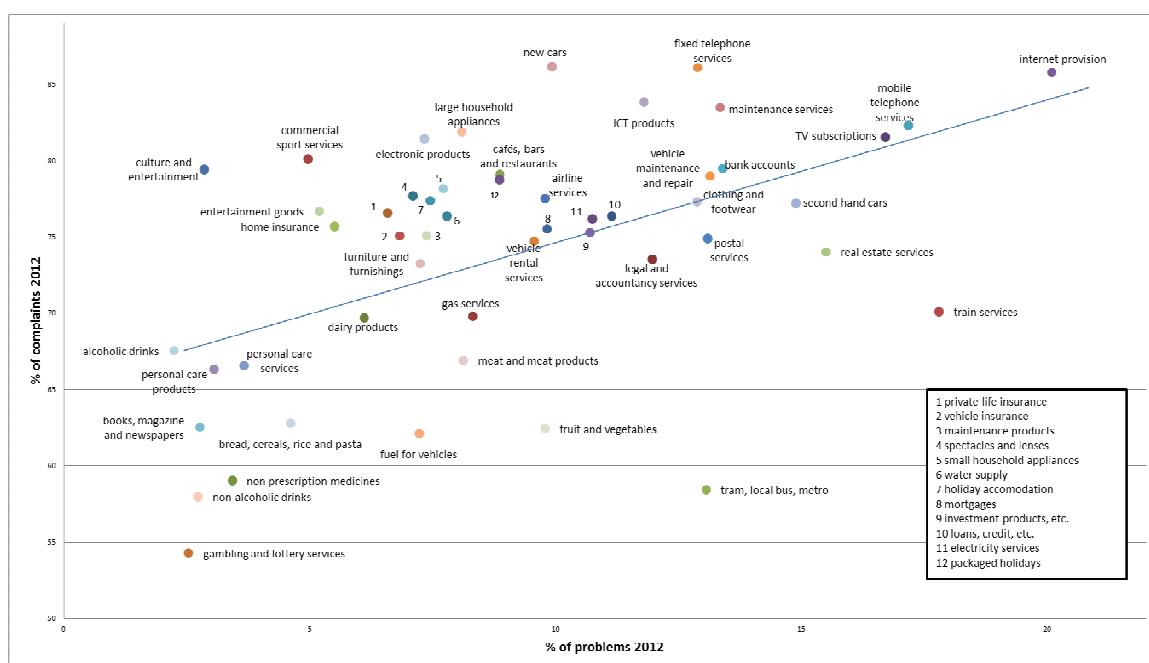
Figure 9: Complaints (as percentage of consumers who experienced a problem)



Source: Market monitoring survey, 2012

There is a moderate positive correlation (of 0.5, significant at 0.05 level) between the number of problems experienced and complaints made by consumers, i.e. the markets with most problems (such as telecom markets) tend to record the biggest number of complaints (Figure 10). The gap between problems and complaints is widest in the ‘train services’ and ‘tram, local bus and metro’ services markets, both of which record an above-average number of problems (second highest in the case of ‘train services’) but considerably fewer complaints (second lowest in the case of local public transport). This could indicate that consumers do not believe that problems can be satisfactorily solved, perceive the complaint process as too complex and burdensome, and/or assess that the financial harm is relatively slight. There may also be a ‘collective action’ dilemma, i.e. consumers counting on others to complain about problems affecting multiple individuals.

**Figure 10: Correlation between percentages of problems and complaints**



Source: Market monitoring survey, 2012

A statistically significant increase in the percentage of complaints as compared with 2011 can be noted in only two of the 51 surveyed markets. The number of complaints has increased considerably (by 11.5 percentage points) in the ‘culture and entertainment services’ market. The rate of complaints made by consumers who encountered problems in the markets for ‘non-prescription medicines’ and ‘gambling and lottery services’, on the other hand, fell considerably (-25 and -23.5 points respectively).

Consumers in Northern and Southern Europe are more likely to complain about the problems they encounter in a market, while consumers in Western Europe complain significantly less than average. This pattern can be found for most types of markets, except for recreational services markets, where no significant differences were found between the different regions. There are no clear socio-demographic patterns in consumers’ propensity to complain.

#### 2.4.5. Overall satisfaction

The ‘satisfaction’ component measures the extent to which different markets meet

consumers' expectations. It gives an overall assessment by the consumer, capturing the aspects not picked up by specific indicators. It has a high correlation (0.8) with the overall MPI score.

Nearly 60% of EU consumers state that, overall, the markets surveyed live up to their expectations (score 8-10). The average score for this component (7.5) has been stable over the past three years.

Goods markets score better on this component (as with all other components) than services markets, with average scores of 7.8 and 7.3 respectively. Among the former, the highest satisfaction scores are assigned to 'spectacles and lenses', 'books, magazines and newspapers' and 'large household appliances'. Consumers are least satisfied with 'fuels for vehicles' and 'second-hand cars'. Among services markets, 'personal care services' and recreational services ('culture and entertainment', 'holiday accommodation', 'commercial sport services', 'package holidays and tours') score highest, while 'investments, pensions, securities', 'mortgages' and 'real estate services' score lowest.

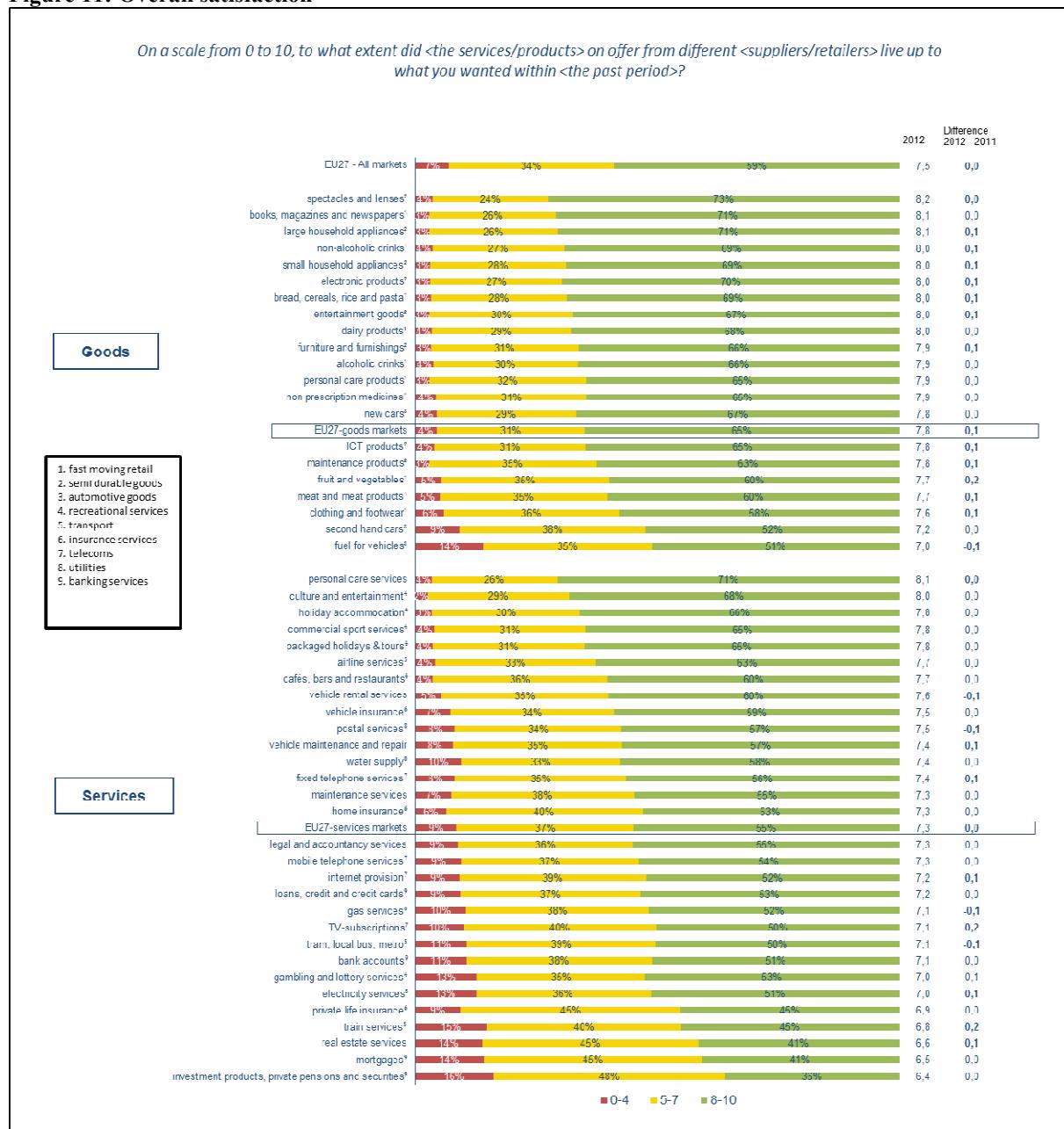
The biggest improvement in score is registered in the markets for 'fruit and vegetables', 'train services' and 'TV subscriptions', all of which improved by 0.2 points. Only five markets show a decrease, of around 0.1 point, in average score since 2011: those for 'tram, local bus, metro', 'gas services', 'postal services', 'fuel for vehicles' and 'vehicle rental'.

As compared with their position in the MPI ranking, the markets for 'electronic products', 'new cars', 'mobile telephone services', 'water supply' and 'internet provision' score better in terms of satisfaction. The markets with a lower position on satisfaction than on the overall MPI include those for 'maintenance products', 'bread, cereals, rice and pasta', 'tram, local bus, metro' and especially the market for 'gambling and lottery services'. The isolated low score for the latter might be explained by the nature of the market (low chance of having one's expectations fulfilled).

Consumers in Southern and Eastern European countries are considerably less likely to think that markets 'deliver' to the desired level, while consumers in Western Europe are more positive in this regard. These regional differences are most striking for the banking and insurance markets.

Men, middle-aged persons, people with a lower level of education, respondents not using the internet, the self-employed, the unemployed and blue-collar workers are less likely to state that their expectations have been fulfilled. It is noteworthy that the groups who give a low score for the expectations component are largely the same as those who report encountering most problems on average. These two findings could be related and might either indicate vulnerability or that these consumer groups actually have higher expectations. In contrast, the younger and oldest (55+) age groups, together with higher-educated respondents, seem to see their expectations fulfilled more often than average. In markets where spending occurs more often at individual rather than household level (fast-moving retail markets, (semi-)durable goods, banking services and recreational services), women report significantly higher scores than men for having their expectations fulfilled.

**Figure 11: Overall satisfaction**



Source: Market monitoring survey, 2012

#### 2.4.6. Choice

Competition between different suppliers should provide firms with incentives to deliver what consumers want as efficiently and innovatively as possible, thus guaranteeing lower prices, better quality, new products and greater choice. The choice component assesses the extent to which consumers are content with the choice of suppliers in each market and thus reflects the level of local competition as perceived by consumers.

With an average score of 7.9, the choice component receives the highest average score among all the components included in the survey. Across the 48 markets surveyed,<sup>31</sup> more than two-thirds of EU consumers are satisfied with the choice of retailers and providers available to them (score 8-10), while only 7% express high dissatisfaction (score 0-4) in this respect. These results are in line with those in 2011, when the choice question was first asked.

As with all other components, the choice of suppliers is evaluated more positively for goods than for services markets (average scores of 8.3 and 7.7 respectively). Utilities score by far the lowest, with over a fifth of consumers assessing choice as very poor in the markets for ‘gas services’, ‘postal services’ and ‘electricity services’. Most of these results are not surprising, given that some of the markets have been monopolies while others are still dominated by one major supplier. Among goods markets, the lowest score is given to the market for ‘fuel for vehicles’, probably reflecting the fact that fuel is a commodity with very limited price competition.

The largest increases in scores are for the markets for ‘fruit and vegetables’ and ‘electricity services’ (+0.2), and the largest decreases for ‘mortgages’ and ‘postal services’ (-0.2).

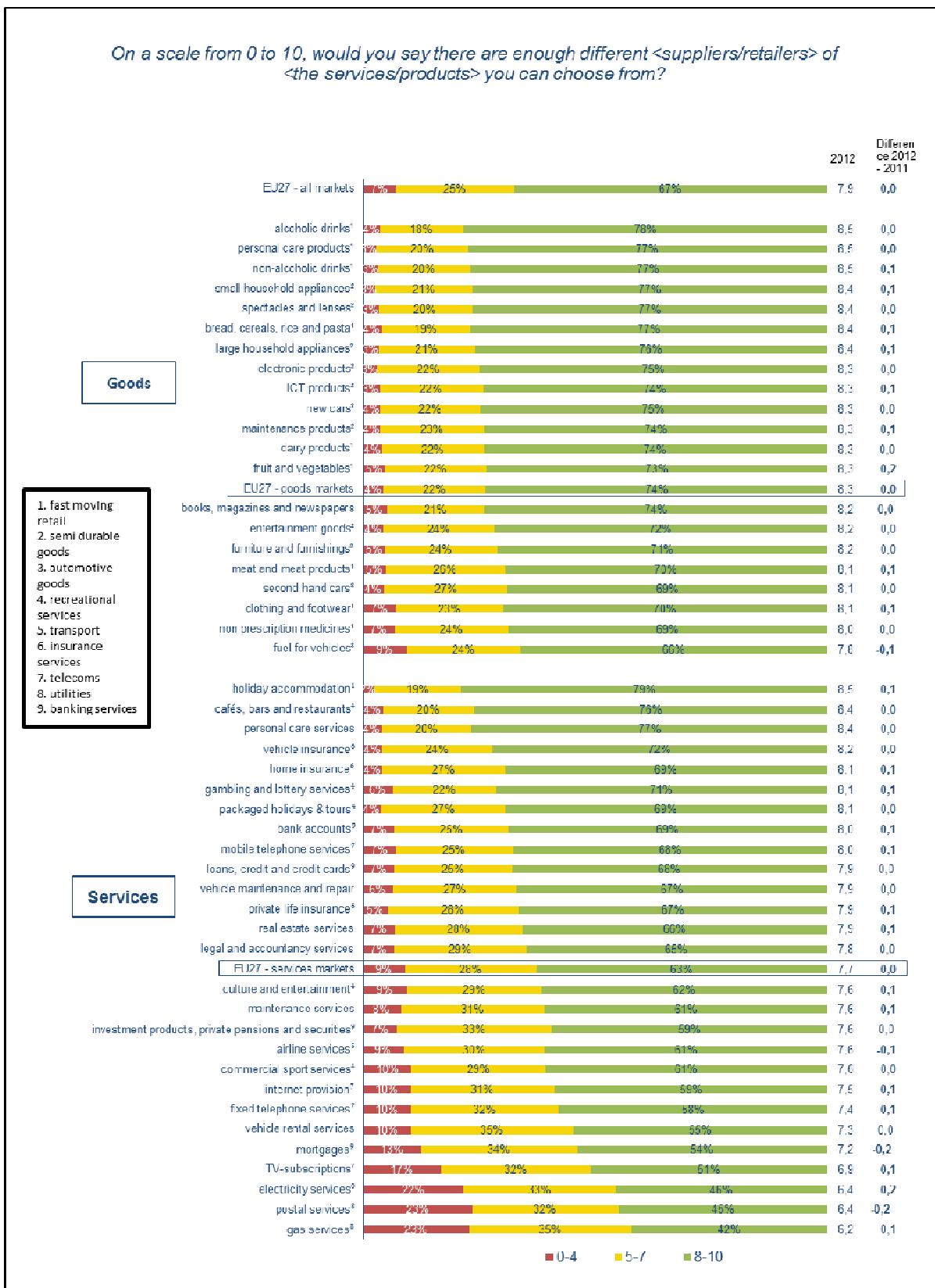
Regionally, the biggest differences in the evaluation of the choice component can be found in the utilities markets, which are evaluated lower by consumers in Eastern and Southern European countries and above average in Northern and Western Europe.

Choice is rated worse by men than by women in markets where more individual and less household spending is likely to occur (fast-moving retail, (semi-)durable goods, telecom, and recreational services). Of the different age groups, 35-54 year olds give the lowest scores. People with the lowest levels of education report less choice, especially for banking services and automotive goods services. Self-employed people, the unemployed and students are the most critical occupational groups in their evaluations of the choice component, while retired people and blue-collar workers are the most positive. People who use the internet give higher overall scores on the choice component, in particular for (semi-)durable goods, banking services, automotive goods and other services.

---

<sup>31</sup> The choice question was not asked in three markets which are monopolies in the majority of countries: ‘tram, local bus and metro’, ‘water supply’ and ‘train services’.

**Figure 12: Choice**

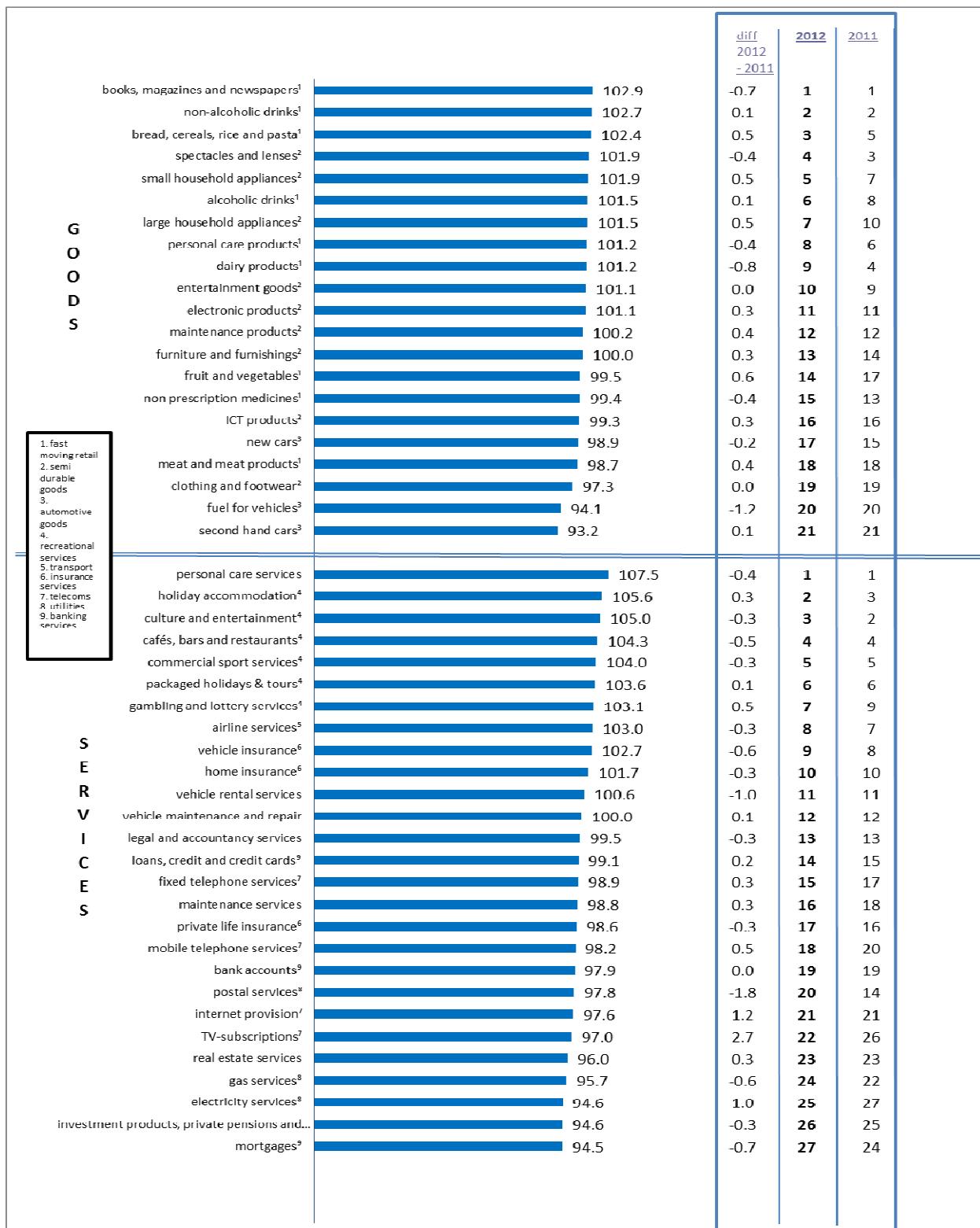


Source: Market monitoring survey, 2012

As it does not apply to all markets, the choice component is not included in the calculation of

the overall Market Performance Index. However, a separate Market Performance Index including Choice (MPIc) has been calculated for the relevant markets.

**Figure 13: MPI including choice**



Source: Market monitoring survey, 2012

‘Postal services’ appear 8 places lower in the MPIc ranking than in the MPI ranking. Other markets where the choice component has a negative impact are those for ‘gas services’ (-5 places), ‘TV subscriptions’ (-4 places), ‘airline services’ (-3 places) and ‘entertainment goods’ (-3 places). The reverse is true for ‘bank accounts’ (+4 places), ‘mobile telephone services’ (+4 places), ‘private life insurance’ (+3 places), ‘loans, credit and credit cards’ (+3 places), ‘alcoholic drinks’ and ‘personal care services’ (+3).

#### 2.4.7. Switching

The switching indicator reflects both the level of choice in a given market and consumers’ ability to make use of it. The switching component is based on measuring the level of actual switching and the (perceived) ease of switching, and covers 14 ‘switching markets’, i.e. markets for continuous services with a long-term contractual relationship.

Across the 14 markets surveyed, only 13% of consumers switched provider and/or service with the same provider within the reference period.<sup>32</sup> This suggests that the actual level of competitive pressure exercised by consumers may be limited. The proportion of ‘switchers’ has decreased by 2% as compared with 2011 and 2010, mainly due to a drop in the proportion of consumers switching services with the same provider. In general, consumers are more likely to switch between providers (9%) than between products with the same provider (5%). This is true for all markets except mobile telephone services and TV subscriptions, where the proportions of consumers in each group are equal. This could reflect some kind of stabilisation in tariff plans offered across the different switching markets.

Consumers are most likely to switch in the telecom markets, with 20% and 17% of consumers having switched provider or tariff in the markets for mobile telephone services and internet provision respectively, and above-average switching rates in the markets for TV subscriptions and fixed telephone services. The market for investment products registers the second highest rate of switching, making it the only indicator on which this market scores well above average. At the other end of the spectrum, less than a tenth of consumers have switched between providers or services in the markets for ‘gas services’, ‘home insurance’ and ‘mortgages’. For the latter market, the result is not surprising as the refinancing of a mortgage could also imply the payment of additional fees and in any case its convenience largely depends on the interest rates movements.

All markets have seen a decrease in the percentage of consumers who switched in 2012 as compared with 2011. The biggest drop was registered by the ‘TV subscriptions’ market (-5%).

Consumers in Western Europe tend to switch provider or service less than average, while consumers in the rest of the EU tend to switch significantly more than average. This difference is most evident in the telecom and banking markets.

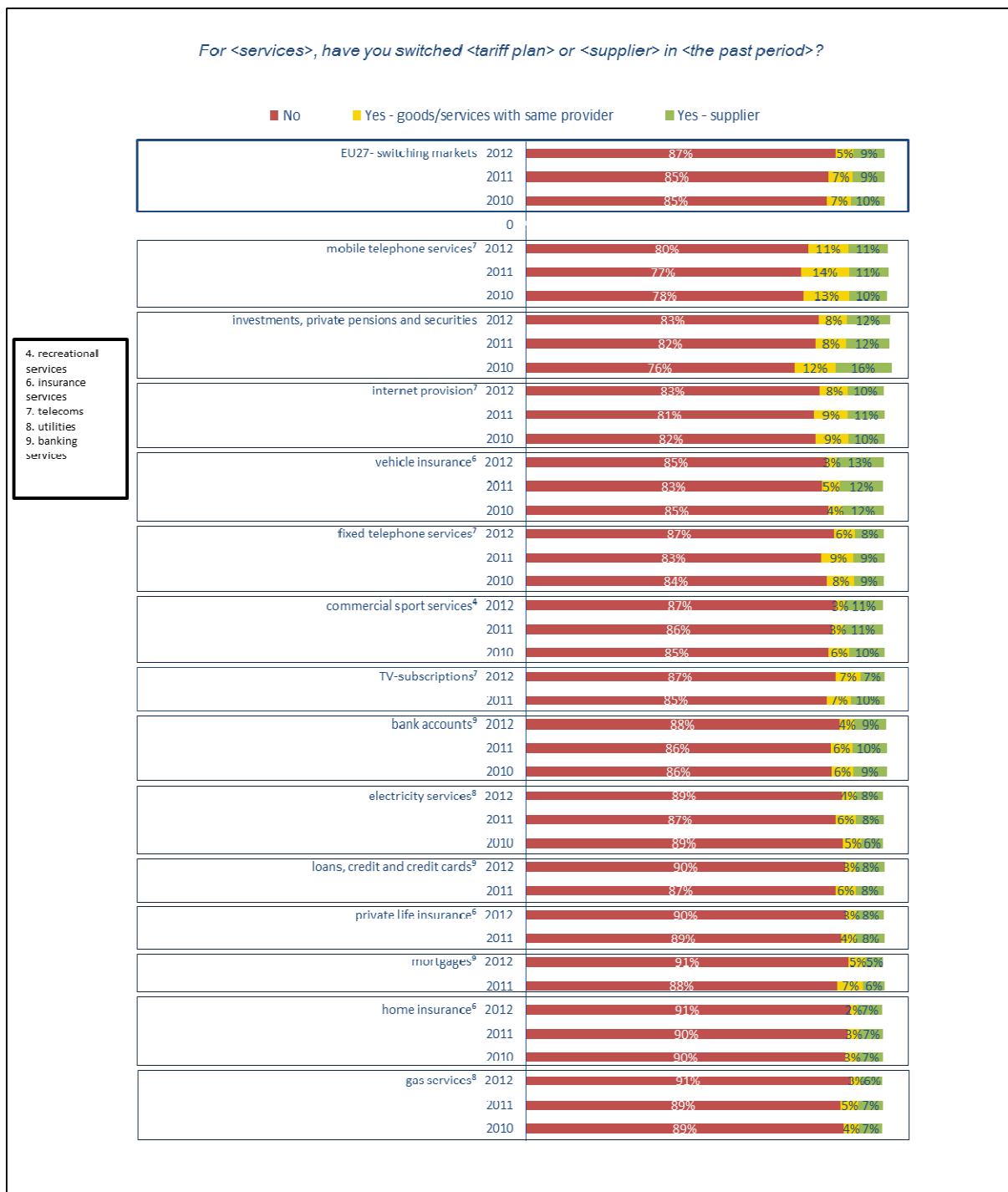
Switching is more widespread among men, people who are still studying, the self-employed and unemployed people. For the latter group, the limited financial resources and the lower economic value of time could play a role. In addition, younger people tend to switch more

---

<sup>32</sup> The reference period was one year, except for ‘bank accounts’, ‘investment products, private pensions and securities’, ‘mortgages’, ‘private life insurance’ and ‘loans, credit and credit cards’, where it was two years.

than other age groups, with statistically significant differences for the telecom and banking markets. In contrast, older people show significantly lower switching behaviour for these two markets. People who use the internet for private purposes are more likely to switch, in particular banking and insurance services, perhaps because they can more easily gather information on different offers available in the market.

**Figure 14: Actual switching**



Source: Market monitoring survey, 2012

Besides actual switching behaviour, respondents were also asked about the ease of switching provider, whether or not they had personal experience of this.

In 2012, slightly less than half of consumers (48%) considered switching provider to be easy (score 8-10) while 16% rate this it as difficult (score 0-4). The average score (6.8) is the same as in 2011. However, the number of very high and very low scores has slightly increased.

‘Commercial sport services’ and ‘vehicle insurance’ obtain the best scores while ‘mortgages’, ‘gas services’ and ‘electricity services’ are perceived as the markets in which it is most difficult to switch. It appears that services where consumers are asked to renew their contract after a given period of time are evaluated better in this respect. In the case of mortgages switching could also imply the payment of penalties and going through burdensome administrative procedures and this could represent an important deterrent. The reported difficulty in switching mortgages is particularly worrisome given the important potential savings from mortgage switching (in particular for fixed rate mortgages and with falling interest rates).

Consumers who have actually switched their supplier see switching as considerably easier than do those who have not, with average scores of 7.5 and 6.7 respectively. This pattern holds true for all 14 ‘switching’ markets. The highest difference in scores on the perceived and actual ease of switching can be found in the market for mortgages, the three insurance markets and gas and electricity services markets.

While on average switching supplier is perceived as being easier by consumers who switched than by those who did not, a different pattern emerges for some markets when one looks at the proportion of consumers giving the lowest scores (0-4) for this component. For five markets, the lowest scores are more prevalent among consumers who did switch supplier than among those who did not. These include four telecom markets and the market for bank accounts. The difficulty of switching bank account was confirmed by a recent mystery shopping study<sup>33</sup> which found that 8 out of 10 shoppers faced difficulties when doing this.

Electricity services saw the largest increase in the perceived ease of switching as compared with 2011. However, the scores given by consumers who switched supplier and those who did not have moved in opposite directions. While non-switchers perceive that it is easier to switch supplier in this market, those with actual experience of switching evaluate the market worse than in 2011.

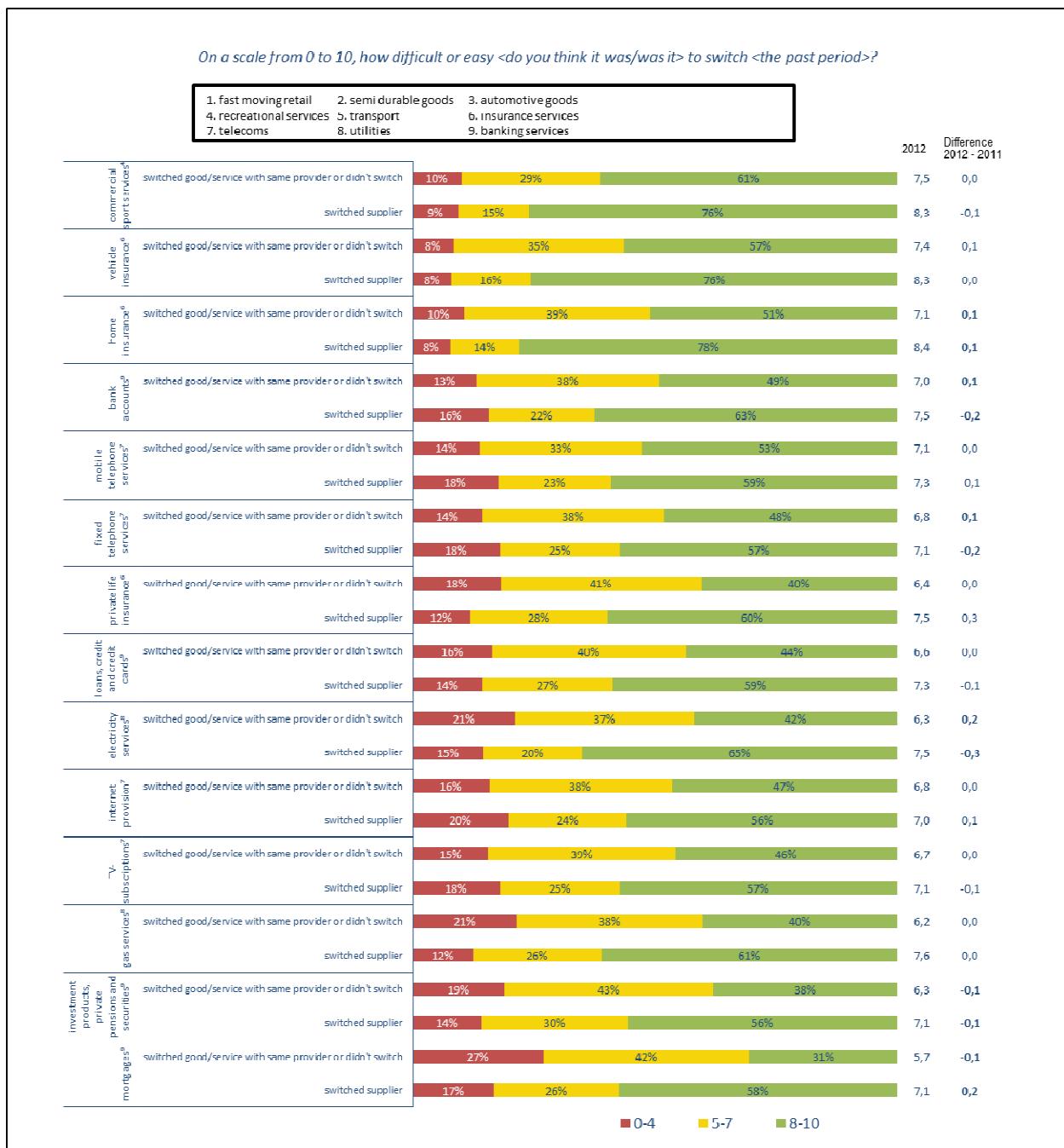
In general, switching is evaluated as significantly more difficult by consumers in Southern European countries, while consumers in Western and Northern Europe find it easier. Utilities such as gas and electricity are seen as particularly poor in this respect in Eastern European countries.

---

<sup>33</sup> Consumer Market Study on the consumers’ experiences with bank account switching with reference to the Common Principles on Bank Account Switching, Study on behalf of the European Commission, Directorate-General for Health and Consumers, 2012 – [http://ec.europa.eu/consumers/rights/fin\\_serv\\_en.htm#fin](http://ec.europa.eu/consumers/rights/fin_serv_en.htm#fin).

Ease of switching gets worse overall scores from women and older, lower-educated and retired people, all of whom tend to switch less than average. It is difficult to say whether the different evaluations of this component are due purely to socio-demographic variables or stem from different switching behaviour between groups. As mentioned above, consumers who switched supplier tend to see switching as easier than those who did not.

**Figure 15: Perceived ease of switching**



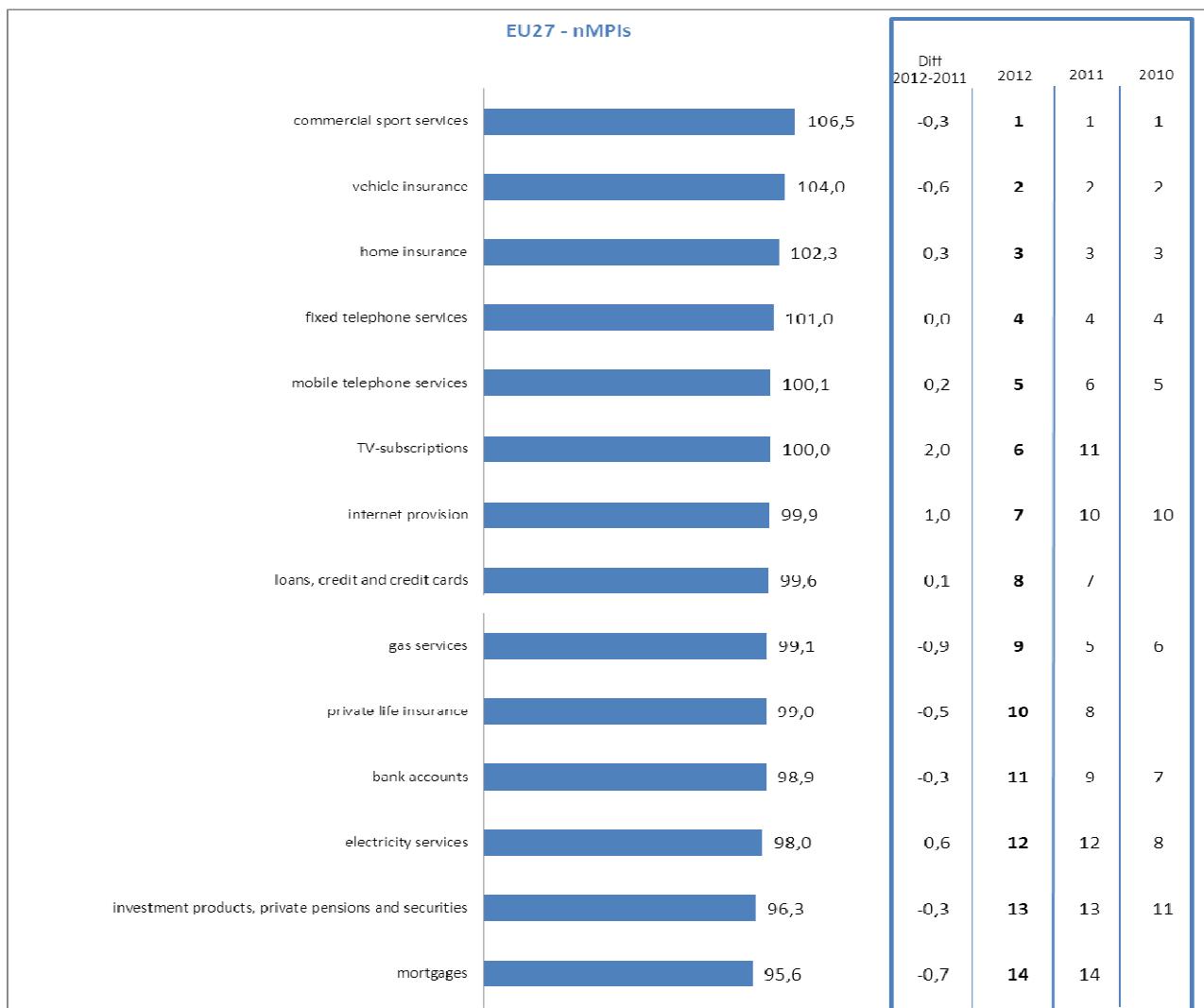
Source: Market monitoring survey, 2012

A Market Performance Indicator including Switching (MPI) has been calculated for the 14 ‘switching markets’. This is based on five equally weighted factors — those included in the MPI, plus an additional switching indicator composed of the results for actual switching and

perceived ease of switching.

A comparison of MPI and MPIS rankings shows that the switching component has a positive impact for mobile telephone services, internet provision and, to a lesser extent, investment products. For four markets, ‘loans, credit and credit cards’, ‘private life insurance’, ‘gas services’ and ‘mortgages’, the switching component has a negative impact.

**Figure 16: MPIS (Market Performance Indicator including Switching)**



Source: Market monitoring survey, 2012