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**COMMISSION STAFF WORKING DOCUMENT**

**Consumer Markets Scoreboard Making markets work for consumers 10th edition -  
June 2014**

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## 1. EXECUTIVE SUMMARY

Since 2008, DG SANCO publishes on a regular basis the Consumer Scoreboards, which monitor how the single market is performing for EU consumers and warn of potential problems. There are two Scoreboard editions: the Consumer Conditions Scoreboard provides data on national consumer conditions, cross-border trade and the development of e-commerce, while the Consumer Markets Scoreboard, presented here, tracks the performance of specific consumer markets.

A Single Market that serves consumers better can make a significant contribution to stimulating economic growth, given that final consumption expenditure of households accounts for 57% of EU GDP. Data from this edition of the Consumer Markets Scoreboard have informed the annual report on the integration of the Single Market, which accompanied the 2014 Annual Growth Survey, and the European Semester's country-specific recommendations and accompanying staff working documents.

The main part of this 10<sup>th</sup> Consumer Markets Scoreboard tracks the performance of 52 consumer markets, together accounting for almost 60% of household expenditure, based on the indicators of comparability, trust, problems and complaints, overall satisfaction, choice and switching. It also looks at national and socio-demographic differences in market assessment, the link between market evaluations and economic indicators and (for the first time) the penetration of different markets (proportion of consumers with recent purchasing experience in a given market). The data come from the fourth wave of a large-scale, EU-wide consumer survey, allowing for comparison of markets' performance over time.

In addition to survey data, the Scoreboard analyses price dispersion across EU countries, complaints collected by national complaint handling bodies and available safety data.

The Scoreboard data allow European and national policymakers and stakeholders to tailor policy measures to the sectors that perform poorly for consumers. As a follow-up, in-depth studies of the sectors that appear to be underperforming are carried out to gain a better insight into the problems and identify possible solutions. A number of problematic markets have already been analysed in the light of previous Scoreboard findings and remedies are being implemented.

Detailed statistics for each country over the last four years are provided in Annex II. In addition to the report, an online dissemination platform is being set up, which will provide user-friendly and interactive access to the underlying data.

### ***Key findings***

The consumers' overall assessment of market performance, across all markets and all countries, has improved slightly between 2012 and 2013, continuing the positive trend observed since 2010. However, the situation differs considerably from market to market and from country to country. As in previous years, goods markets appear to be working considerably better than services markets, although the gap between them has been narrowing.

The overall ranking of markets has been largely stable over the last few years. Among goods markets, fast moving retail goods receive the most positive assessment in spite of poor scores

given to the markets for 'meat and meat products' and 'fruit and vegetables'. Semi-durable goods as a whole are assessed slightly less positively, with clothing and footwear registering the lowest score. Automotive goods remain by far the worst performing market cluster, with second-hand cars and fuel for vehicles again at the bottom of the goods markets ranking. Among services markets, recreational services receive the most positive assessment, followed by insurance services and public transport. Banking services remain the most problematic sector, with the markets for investment products and mortgages lying at the very bottom of the services markets ranking. Telecoms and public utilities (in particular electricity and gas) are also rated poorly by consumers.

The largest drop in performance compared to 2012 has been noted in the meat market, in particular in the countries hit most by the horsemeat scandal. On the positive side, some of the worst performing markets, such as vehicle fuels and train services, have improved the most (in the latter case, this is likely to be due to the emergence of competition in some countries).

The results based on individual market assessment components confirm that services markets are more problematic for consumers than goods markets across all the indicators. The gap between the two market groups is most pronounced with regard to comparability of offers, which may reflect the inherent complexity of some services markets, but also stems from deliberate marketing strategies that hamper consumers' ability to choose the best deal. Overall, consumers' trust in businesses to respect consumer protection rules is the lowest in those markets where the asymmetry of information between the trader and the consumer is most acute. There are considerable differences in the number of reported problems and related complaints in different markets, with the worst situation occurring in the telecom sector. Satisfaction with the choice of providers and the switching rates is lowest in the utilities markets. Moreover, gas and electricity, in addition to mortgages, are perceived as the markets where switching is the most difficult.

Market assessment shows considerable differences across EU countries. In general, markets appear to perform better in EU15 Member States than in EU13<sup>1</sup>. There is a modest positive correlation between market assessment at country level and general economic circumstances (as measured by Gross Domestic Product (GDP) per capita and consumers' confidence in the state of the economy). In addition, markets' performance is evaluated more positively in countries where the overall consumer environment is more favourable. While some markets (recreational services, certain durable goods) are assessed quite uniformly across the EU, others (in particular banking and network services) show marked differences from country to country.

Markets are assessed differently by different socio-demographic groups. The highest variation is seen by occupation, with blue collar workers, the unemployed and the self-employed being less positive about market performance, while students give the highest scores. Men tend to be less positive in their market assessments than women across most markets, as do middle-aged respondents in comparison with younger or older respondents. In addition, the assessment of market performance appears to increase with the level of education.

There are marked differences in the penetration of different markets (proportion of consumers with recent purchasing experience in a given market), with the lowest penetration rates

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<sup>1</sup> 'EU15' refers to the EU in its pre-2004 formation while 'EU13' refers to Member States that joined the EU after 2004.

observed for online gambling services, vehicle rental and real estate services. The markets which are more frequently used by consumers also tend to receive more positive evaluations.

The analysis of price data indicates that there has been a general process of price convergence in the EU over the past decade. Nevertheless, price differences between EU countries continue to exist, in particular in services markets. Overall, prices tend to be lower in countries that joined the EU more recently. For most product categories, price differences across countries are linked to differences in relative purchasing power.

There has been a considerable increase in the number of national complaint bodies submitting complaints data according to the harmonised methodology set out in the 2010 Commission Recommendation. Though the data are still incomplete, network services appear to account for most complaints.

The data collected by hospitals in some EU countries suggest that building (components), sport/recreation equipment and furniture are the product categories most often involved in accidents and injuries. Further information on the safety of products on the market is provided by the two EU-wide rapid alert systems for the notification of dangerous food (RASFF) and non-food products (RAPEX). Clothing, toys, and fruit and vegetables each account for more than a fifth of notifications.

### *Next steps*

The Scoreboard is a screening tool for detecting underperforming markets and indicating to EU and national policymakers the areas on which further analysis should focus. Based on the findings of this Scoreboard, the Commission services will launch two in-depth market studies:

- The first study will focus on the **electricity** market, which ranks fourth lowest among the services markets, despite slight improvements since 2011. Assessment of the market differs considerably across the EU and is the lowest in southern European countries. The market scores particularly poorly on the choice of suppliers available, comparability of offers and switching, suggesting that consumers are not yet in a position to make full use of the saving opportunities created by market liberalisation. The study will draw comparisons with the findings of an earlier (2010) study<sup>2</sup> into the market and assess if/how things have improved since then. It will also examine the impact of the implementation of the Third Energy Package legislation as well as of novel collaborative initiatives by consumers and/or consumer associations, and will assess the need for possible future initiatives.
- The second study will investigate (through behavioural testing) various conditions that could increase consumers' willingness to read and their capacity to understand contract terms and conditions. Scoreboard data consistently show that consumers struggle to compare different offers and thus make informed choices, in particular in the services markets. There is also evidence showing that consumers often accept contractual obligations without reviewing them. This is not good for consumers (who run the risk of blindly accepting disadvantageous contractual obligations) and thus for the market in general.

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<sup>2</sup> [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)

The country reports annexed to the Scoreboard are intended to assist national authorities, consumer organisations and business stakeholders in their efforts to improve the situation in the underperforming markets, by pointing to sectors where further research, enforcement and/or public awareness activities may be needed. Member States are also invited to use the Scoreboard data when determining and evaluating their reforms in the context of the European Semester process.

## 2. CONSUMERS' ASSESSMENT OF MARKET PERFORMANCE

This section of the Scoreboard presents the results of the 2013 Market Monitoring Survey<sup>3</sup> on consumers' assessment of the functioning of the most important consumer markets in 28 EU Member States, including for the first time Croatia<sup>4</sup>, as well as Iceland and Norway. The survey covers 52 markets (21 goods and 31 services markets), together accounting for almost 60% of consumer expenditure. The list of markets is almost the same as in 2012 and 2011<sup>5</sup> (a description of each market is provided in Annex III).

To ensure that it takes account of relevant experience, the survey is carried out among consumers with recent purchasing experience in each market. 2013 was the fourth year of the survey, thus allowing progress to be tracked over time both across markets and countries. Detailed statistics for each country over the last four years are provided in Annex II.

The performance of different markets is assessed on the basis of six main criteria:

- 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;
- 4) consumer satisfaction (the extent to which markets live up to what consumers expect);
- 5) choice of retailers/providers; and
- 6) switching of tariffs/providers.

The first four indicators are applicable to all the markets and feed into the '**Market Performance Indicator**' (MPI) – a composite index serving as the basis for the main ranking of the 52 markets. The four components of the index are equally weighted and the score is on a scale from 0 to 100<sup>6</sup>.

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<sup>3</sup> The survey is based on telephone interviews conducted in March-April 2013 with a representative sample of 500 people (aged 18+) for each of the 52 markets in each EU Member State, Iceland and Norway (250 people in Cyprus, Luxembourg, Malta and Iceland).

<sup>4</sup> However, the 2013-2012 differences are based on EU27 results, given that Croatia was not included in the previous waves of the survey.

<sup>5</sup> The only difference is that the market for gambling and lottery services has been split into online and offline gambling, given the different nature of the two markets and to inform the Commission's upcoming Recommendation on online gambling.

<sup>6</sup> The MPI is obtained by averaging (simple un-weighted average) the scores on each component and by multiplying the result by 10. As a result of this, while the MPI ranges from 0 to 100, each of its

## 2.1. Overall results

### *Consumer assessment of market performance continues to improve*

Table 1 presents the yearly evolution of the MPI across all EU countries and markets (as well as for goods and services markets separately). Consumers' overall assessment of market performance improved slightly between 2012 and 2013 (by 0.3 points). This continues the positive trend observed since 2010. While the performance of goods markets has remained stable since 2012, services markets have improved by 0.5 point. As a consequence the performance gap between the two market groups has slightly narrowed.

**Table 1: MPI (Market Performance Indicator) – EU28, all markets**

	MPI			
	2013	Difference 2013-2012	Difference 2012-2011	Difference 2011-2010
All markets	77.4*	0.3*	0.9*	0.5*
Goods markets	80.1	0.0	0.9*	1.3*
Services markets	75.6*	0.5*	0.8*	-0.2*

Source: Market monitoring survey, 2013

### *Lowest ranked markets have stayed largely the same...*

Figure 1 presents the MPI performance at EU level for the 21 goods and 31 services markets covered by the 2013 survey. The table to the right of the graph indicates the difference in scores between successive years<sup>7</sup> and the difference between each market and the average for all goods or services markets, as appropriate<sup>8</sup>.

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components ranges from 0 to 10. 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, based on the assumption that the modality of complaining is an indicator of the seriousness of the problem encountered (highest score when not reporting any problem, lowest score when complaining to a third-party complaints body, with other situations scored in between) – see details on MPI rationale and composition in the 2013 Consumer Market Monitoring Survey report –

[http://ec.europa.eu/consumers/consumer\\_research/editions/docs/monitoring\\_consumer\\_markets\\_eu\\_2013\\_en.pdf](http://ec.europa.eu/consumers/consumer_research/editions/docs/monitoring_consumer_markets_eu_2013_en.pdf).

<sup>7</sup> Due to the evolution of the market list, the 2011-2010 and 2013-2012 differences are not available for all markets.

<sup>8</sup> Statistically significant differences at 5% probability level are indicated by asterisks.

Figure 1: MPI (Market Performance Indicator) – EU28, with subgroups

		2013 -2012	2012 -2011	2011 -2010	
MPI - Market performance indicator					
G O O D S	All markets	77.4	0.3*	0.9*	0.5*
	Books, magazines and newspapers	84.2	0.1	0.4*	0.3
	Non-alcoholic drinks	83.0	0	1*	1.6*
	Bread, cereals, rice and pasta	82.4	-0.1	1.3*	0.9*
	Spectacles and lenses	82.3	-0.1	0.5*	
	Entertainment goods	81.7	-0.2	1*	3*
	Dairy products	81.6	0.1	0.1	
	Small household appliances	81.4	-0.6*	1.4*	1.2*
	Large household appliances	81.3	-0.4*	1.5*	1.2*
	Personal care products	81.3	0	0.5*	1.1*
	Alcoholic drinks	81.3	-0.1	1.2*	0.2
	Electronic products	81.0	-0.3	1.4*	0.9*
	Non-prescription medicines	80.3	0.3	0.6*	1.4*
	Furniture and furnishings	80.2	-0.3	1.4*	1.4*
	All goods markets	80.1	0	0.9*	1.3*
	Maintenance products	80.0	-0.2	1.3*	2.3*
	New cars	79.1	0.5*	0.8*	1.1*
	ICT products	78.8	-0.3	1.3*	1*
	Fruit and vegetables	78.8	-0.4*	1.3*	0.6*
	Clothing and footwear	78.5	1.5*	0.7*	1.2*
Meat and meat products	76.5	-2.1*	1.4*	1.1*	
Fuel for vehicles	76.1	2.4*	-0.2	-1.5*	
Second hand cars	72.6	0.6*	1.2*	0.6*	
S E R V I C E S	Personal care services	82.9	-0.2	0.4*	1*
	Culture and entertainment	82.2	0.2	0.4*	0.2
	Commercial sport services	81.2	0.4*	0.6*	0.8*
	Holiday accommodation	81.0	0.6*	1.1*	0.6*
	Airline services	79.4	-0.1	0.8*	1.2*
	Packaged holidays & tours	79.0	0.1	1.1*	1.2*
	Vehicle rental services	78.6	1.6*	-0.1	0.3
	Cafés, bars and restaurants	78.5	-0.5*	0.3	1.8*
	Vehicle insurance	78.1	0.9*	0.2	0.9*
	Off-line gambling services	76.8			
	Home insurance	76.7	0.3	0.5*	0.6*
	Postal services	76.6	0.8*	-0.9*	-0.4
	All services markets	75.6	0.5*	0.8*	-0.2*
	Tram, local bus, metro	75.5	0.4	-0.7*	-0.1
	On-line gambling services	75.3			
	Vehicle maintenance and repair	75.1	0.6*	1.1*	0.2
	Water supply	75.0	1.2*	0.5*	-1.1*
	Legal and accountancy services	74.9	0.9*	0.6*	
	TV-subscriptions	74.6	0.8*	4*	
	Maintenance services	74.3	0.5*	1.2*	0.3
Fixed telephone services	74.3	-0.4	1.1*	1.2*	
Private life insurance	74.2	1.1*	0.4*		
Gas services	74.1	0.7*	0	0.3	
Loans, credit and credit cards	73.4	0	1.3*		
Mobile telephone services	72.8	0.7*	1.4*	-0.1	
Train services	72.7	1.8*	1.3*	-0.9*	
Internet provision	72.5	-0.2	2.3*	0.9*	
Bank accounts	71.9	0.2	0.7*	0.1	
Electricity services	71.9	0.8*	1.4*	-2.2*	
Real estate services	70.6	1.2*	1.1*	1.1*	
Mortgages	70.6	1.3*	0.5*		
Investment products, private pensions and...	69.9	1.1*	0.7*	3*	

Source: Market monitoring survey, 2013

The overall ranking of markets has been largely stable over the four waves of the survey. The markets for 'books, magazines and newspapers', 'non-alcoholic drinks' and 'bread, cereals, rice and pasta' remain the top performing goods markets, in line with the 2012 results. The 'second-hand cars' and 'fuel for vehicles' markets are again at the bottom of the ranking. In contrast with 2012, the third to last market is now 'meat and meat products' (replacing 'clothing and footwear').



As in all other years of the survey since 2010, the top three services markets are 'personal care services', 'culture and entertainment' and 'commercial sport services'. Additionally, in spite of improvements, the bottom three services markets are identical to 2012, with 'investment products' in the last position, preceded by 'mortgages' and 'real estate services'. The ten worst performing services markets include two further banking services markets (with 'bank accounts' and 'loans and credit' ranked 27<sup>th</sup> and 23<sup>rd</sup> respectively), along with energy services ('electricity' ranked 28<sup>th</sup> and 'gas' 22<sup>nd</sup>), telecoms (with 'Internet provision' ranked 26<sup>th</sup> and 'mobile telephone services' 24<sup>th</sup>) and 'train services' (ranked in 25<sup>th</sup> place).

***... but some of the worst performing markets have improved the most***

On the positive side, the biggest improvements in score since 2012 have occurred in some of the worst performing markets. The market for vehicle fuels recorded the largest increase (2.4 points), due to improvements on all the MPI components. The score for train services increased by 1.8 points, with the biggest increases noted in Italy (+6.7) and the Czech Republic (+5.6). This may have been influenced by the fact that a second provider has entered the market in both countries, with a likely positive impact in terms of prices and quality of service. Other markets which saw an increase of more than 1 point include vehicle rental services (+1.6), clothing and footwear (+1.5), water supply (+1.2), mortgages (+1.3), real estate services (+1.2) and investment products (+1.1), all of which (with the exception of vehicle rental) still score well below their respective market group average (goods or services).

***Downward assessment of the meat market following the horsemeat scandal***

The largest decrease in score (-2.1) is seen in the market for 'meat and meat products', and is particularly pronounced as regards the trust component. This drop in consumers' assessment of the market is most likely due to the horsemeat scandal<sup>9</sup> which affected most of the Member States and was widely reported across Europe during the fieldwork period<sup>10</sup>.

**2.2. Country differences in market assessment**

Overall market assessment shows considerable variation across EU countries. It should be noted that scores can differ between countries, not only because of actual differences in market performance, but also due to other factors such as cultural and economic differences as well as different consumer environments.

***Link between market performance and general economic situation***

There is a modest positive correlation (+0.40) between Gross Domestic Product (GDP) per capita and MPI in different countries, and in particular the trust component (0.48). While a clear cause-effect relationship cannot be established, the relationship between the two variables most likely works in both ways. On the one hand, consumers' assessment of market functioning may be influenced by the general economic conditions in their country. This could be linked to the fact that richer countries may invest more in enforcing consumer rules. More affluent consumers are also able to choose from a broader range of goods and services,

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<sup>9</sup> Fraudulent labelling of processed meat products, advertised as containing beef but in fact found to contain undeclared horse meat - <http://ec.europa.eu/food/food/horsemeat>.

<sup>10</sup> Not surprisingly, the overall assessment of the meat market has dropped most in the UK (-9.3) and Ireland (-5.3), two of the countries most affected by the scandal.

including more expensive ones, which may be of better quality. On the other hand, the functioning of consumer markets may influence economic development and therefore countries where markets work better for consumers are also richer (because businesses tend to be more efficient).

In addition, evaluation of market performance may be influenced by consumers' perceptions of their personal and general economic situation. There is a modest positive correlation (0.25) between MPI at country level and the Consumer Confidence Indicator<sup>11</sup>, and this correlation is the strongest for overall satisfaction (0.4).

An even lower negative correlation (-0.17) exists between MPI and price evolution (measured via the Harmonised Index for Consumer Prices) in different markets in each country, meaning that lower cumulative inflation<sup>12</sup> is to some extent associated with higher MPI.

### ***Link between market performance and general consumer conditions***

Finally, markets appear to perform better in countries where the overall consumer environment is more favourable, with a modest positive correlation (0.42) between MPI and the Consumer Conditions Index (monitored in the Consumer Conditions Scoreboard)<sup>13</sup>.

### ***Consumers in EU15 more positive in their market assessments***

Market performance is assessed more positively in the EU15 Member States (79.4) compared to the EU13 (73.7)<sup>14</sup>. This difference has been increasing slightly over the past four years and holds true for all market clusters with the exception of telecoms. Differences are even bigger between geographic clusters, i.e. market performance is assessed significantly better in Western Europe and in Northern Europe than in Southern Europe and in Eastern Europe.

**Table 2: Regional differences in market assessment<sup>15</sup>**

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<sup>11</sup> This indicator has been developed by DG ECFIN in the framework of the business and consumer survey programme. [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm).

<sup>12</sup> The HICP (2005=100) measures the cumulative evolution of prices with respect to the base year (2005).

<sup>13</sup> Over the period 2010-2012.

<sup>14</sup> 'EU15' refers to the EU in its pre-2004 formation while 'EU13' refers to Member States that joined the EU after 2004.

<sup>15</sup> EU countries have been divided into the four geographical regions as follows: North (Denmark, Finland, Sweden), South (Cyprus, Greece Italy, Malta, Portugal, Spain), East (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) and West (Austria, Belgium, France, Germany, Ireland, Luxembourg, Netherlands, the UK).

	EU15	EU13	Diff. EU15-EU13	North	South	East	West
<b>All Markets 2012</b>	<b>78.0</b>	<b>75.5</b>	<b>2.5</b>	<b>77.3</b>	<b>75.3</b>	<b>75.4</b>	<b>79.4</b>
<b>Market clusters</b>							
Fast moving retail	82.0	77.5	4.4	80.5	80.5	77.4	82.9
(Semi-)durable goods	81.2	78.5	2.7	79.3	80.2	78.4	81.9
Automotive goods	77.0	72.0	5.0	78.3	73.5	71.8	78.8
Telecoms	73.3	74.3	-0.9	68.5	69.1	74.1	76.0
Transport	75.9	75.5	0.4	76.1	72.6	75.5	77.7
Utilities	74.5	73.9	0.7	77.0	69.8	73.8	76.9
Banking services	72.2	68.7	3.5	74.5	65.5	68.6	75.6
Insurance services	76.5	75.7	0.8	76.0	73.4	75.7	78.2
Recreational services	79.6	77.4	2.2	79.3	78.2	77.3	80.4
Other services	76.7	73.8	2.8	76.0	74.5	73.7	77.9

Source of raw data: Market monitoring survey, 2013

### *Poorly performing markets also show the widest divergence across the EU*

In general, services markets (and in particular banking and network services) have more uneven performance across EU countries than goods markets, which may be linked to their lower cross-border tradability. The markets for mortgages, electricity services, mobile telephone services and train services show the widest divergence EU-wide<sup>16</sup>. The most uniformly assessed markets include recreational services (which may reflect the inherent entertainment aspect of these markets and, in the case of tourism-related services, their cross-border character) and certain durable goods such as household equipment (which tend to be more uniform across the EU than other products). More integrated markets are also more positively assessed overall, with a strong negative correlation (0.83) between MPI variance and the actual MPI scores (Figure 2).

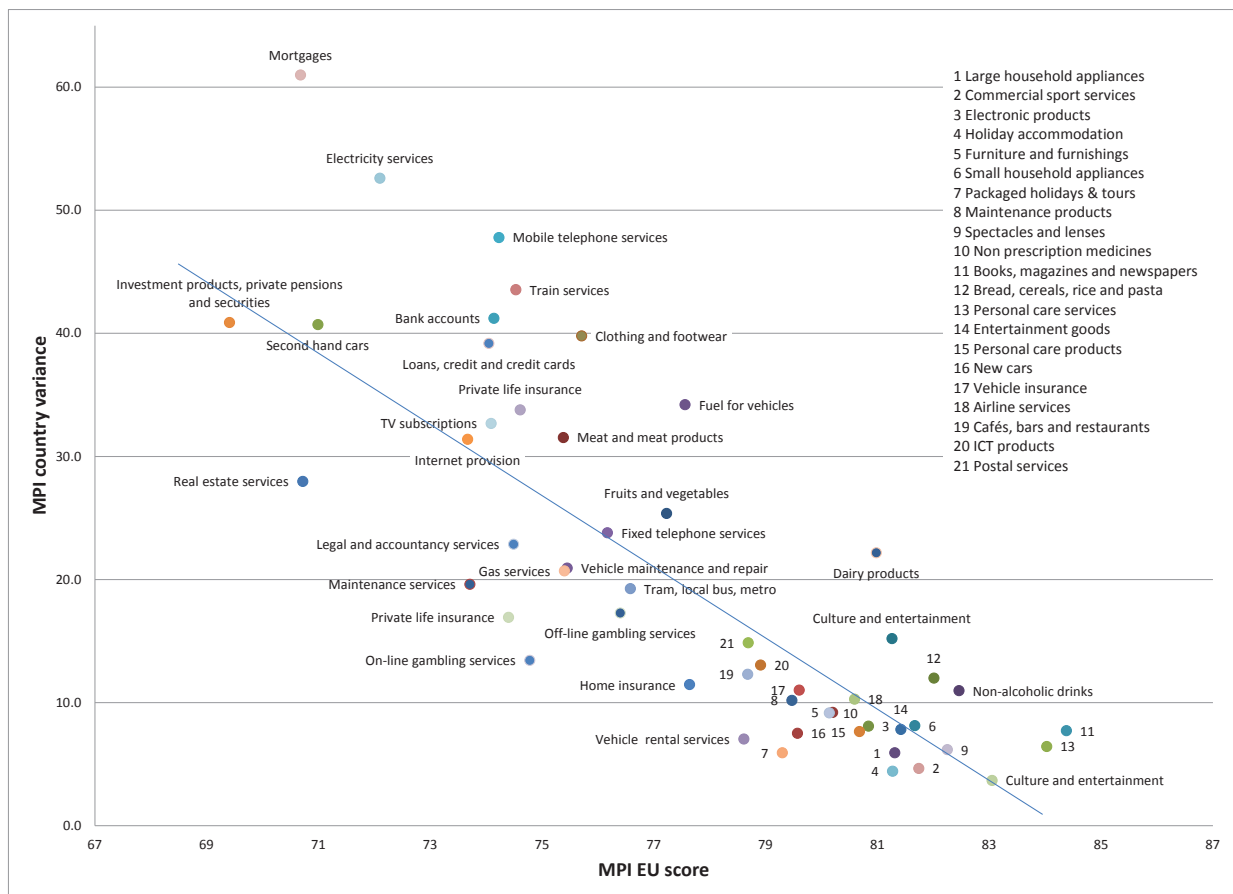
**Figure 2: Correlation between MPI country variance and MPI EU-28 score**

<sup>16</sup> MPI variance is taken as a measure of spread (variance of the MPI for a given market and measured across the Member States of the EU) and it is computed as follows:

$$\sum_{i=1}^{28} \frac{[MPI(j)_i - MPI(j)_{EU}]^2}{28}$$

where  $MPI(j)_i$  is the MPI for market  $J$  in country  $i$

□□  $MPI(j)_{EU}$  is the average MPI for market  $J$  in the European Union



Source of raw data: Market monitoring survey, 2013

### 2.3. Socio-demographic differences in market assessment

Markets are assessed differently by different socio-demographic groups, with the biggest variability observed by occupation. When looking at different market components, the differences are most pronounced in the case of complaints and trust, and smallest for choice. The ongoing Commission study on consumer vulnerability across key markets (financial sector, energy and online environment) - launched as a follow-up to the 8<sup>th</sup> Consumer Markets Scoreboard - will investigate whether some socio-demographic groups are more vulnerable to problematic marketing practices than others. It will also propose more refined research tools to use in connection with future Scoreboards and market studies.

#### *Women, young people, students and better educated respondents are more positive about market functioning*

Overall, women are more positive than men in their assessment of all market clusters with the exception of transport (where the assessments of the two groups align). The greatest gender differences are seen in the case of automotive goods. This pattern is true for most market components except for switching and complaints. Men switch providers or tariff plans more often than women and consider switching to be easier. They also make fewer complaints than women (even though they are more likely to report problems).

As for the different age groups, young people (aged 18-34) are the most positive in their market assessments and in particular score the highest among all socio-demographic groups on switching and second highest on comparability. Older people's (55+ years) assessments are also higher than average overall, accounting for third lowest percentage of reported problems across all socio-demographic groups. Those aged 34-54 are the least optimistic about market functioning. This largely holds for all market groups except for the automotive cluster, assessment of which seems to improve with age. Indeed, this is the only market cluster that the middle age group rates higher than the youngest age group, and the oldest age group gives by far the highest scores.

Market assessment increases with the level of education, with the highest level of assessment among students, followed by respondents who stayed in education until the age of 20 or later, by those who went to school until 16 to 19 years old, and by people who finished their education at the age of 15 or earlier. This pattern is the strongest for banking services, which receive by far the lowest assessment from those with the lowest educational attainment, which might be linked to the complexity of this group of markets. As for the different market assessment components, the variations are particularly pronounced in the case of trust. The lowest educated group shows a below-average level of trust across all market clusters, while consumers with the highest educational attainment and students give above-average scores.

Across different occupational groups, blue collar workers and, in particular, the unemployed and the self-employed are the most critical in their assessment of market performance. The latter two groups show in particular by far the lowest levels of trust among all socio-demographic groups. All other occupational groups score higher than average, with the highest assessment among students, followed by house persons (not in paid employment, taking care of the home), white collar workers who are not in a managerial position, managers and retired persons.

Overall, consumers who use internet for private purposes are only slightly more positive in their market assessments than those who do not. Looking at different market components, internet users score higher on trust, switching, ease of switching, overall satisfaction and choice. At the same time, they report more problems and complaints than the non-users.

**Table 3: Market assessment by socio-demographic groups**

		MPI	Comparability	Trust	Problems	Complaints	Actual switching	Ease of switching	Overall satisfaction	Choice
Population average		77.44	7.28	6.83	9.15	73.49	13.58	6.82	7.52	7.89
Gender	Diff. male-average	-0.54*	-0.04*	-0.09*	0.45*	-1.25*	0.56*	0.06*	-0.06*	-0.07*
	Diff. female-average	0.54*	0.04*	0.09*	-0.45*	1.38*	-0.56*	-0.06*	0.06*	0.07*
Age group	Diff. 18-34-average	0.51*	0.11*	0.11*	0.84*	-1.29*	2.21*	0.14*	0.04*	0.03*
	Diff. 35-54-average	-0.62*	-0.05*	-0.09*	0.61*	-0.41	0.44*	-0.05*	-0.07*	-0.03*
	Diff. 55+ -average	0.29*	-0.04*	0.01	-1.47*	-0.88*	-2.16*	-0.04*	0.04*	0.00
Education	Diff. <15 year-average	-0.38*	0.01	-0.14*	-0.45*	3.33*	0.51	-0.09*	-0.04*	-0.03*
	Diff. 16-19 year-average	-0.11	0.02*	-0.03*	0.52*	-1.19*	-0.06	-0.04*	0.00	0.06*
	Diff. 20+ -average	0.06	-0.02*	0.04*	-0.15	-1.00*	-0.27	0.04*	0.00	-0.02*
	Diff. Still studying-average	0.95*	0.05*	0.24*	-0.06	4.54*	1.17*	0.13*	0.10*	-0.01
Employment	Diff. selfempl-average	-1.59*	-0.07*	-0.25*	2.33*	6.70*	3.13*	-0.12*	-0.12*	-0.05*
	Diff. manager-average	0.26*	0.00	0.06*	0.03	4.44*	1.66*	0.12*	0.06*	0.05*
	Diff. other white-average	0.34*	0.00	0.10*	-0.40*	-5.09*	-1.23*	0.06*	-0.01	-0.04*
	Diff. blue collar-average	-0.21*	0.06*	-0.06*	1.12*	-1.87*	1.23*	0.12*	-0.01	0.07*
	Diff. student-average	1.15*	0.06*	0.28*	-0.02	5.57*	1.45*	0.12*	0.13*	0.02
	Diff. houseperson-average	0.98*	0.17*	0.07*	-0.67	2.18*	-0.82*	-0.01	0.11*	0.10*
	Diff. unempl-average	-1.94*	-0.06*	-0.34*	2.30*	3.36*	3.64*	-0.23*	0.10*	-0.09*
	Diff. retired-average	0.17*	-0.07*	-0.03*	-1.77*	0.44	-1.95*	-0.11*	-0.19*	0.02*
Internet Connection at home	Diff. yes -average	0.03	0.00	0.02*	0.34*	0.32	0.64*	0.03*	0.01*	0.02*
	Diff. no-average	-0.17	-0.01	-0.12*	-1.78*	-2.14*	-3.17*	-0.17*	-0.08*	-0.11*

Source of raw data: Market monitoring survey, 2013

## 2.4. Assessment of different market groups

In order to analyse broad market patterns, 52 individual markets have been grouped thematically into nine market clusters: fast-moving retail goods, (semi-)durable goods, automotive goods, telecoms, transport, utilities, banking services, insurance services, and recreational services<sup>17</sup>.

Table 4 shows the overall results for each market cluster and their evolution in the period 2010-2013. The colours indicate four categories of performance, depending on the quartile that each result falls into (separately for all goods and services markets). Dark green, light green, orange and red represent respectively high performance (the score is situated among the top 25% of results), middle to high performance (50-75% of results), middle to low performance (25-50% of results) and low performance (bottom 25% of results)<sup>18</sup>.

<sup>17</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'.

<sup>18</sup> The colours indicated in the second to fourth columns indicate to which quartile the market cluster MPI belonged in 2012, 2011 and 2010 respectively.

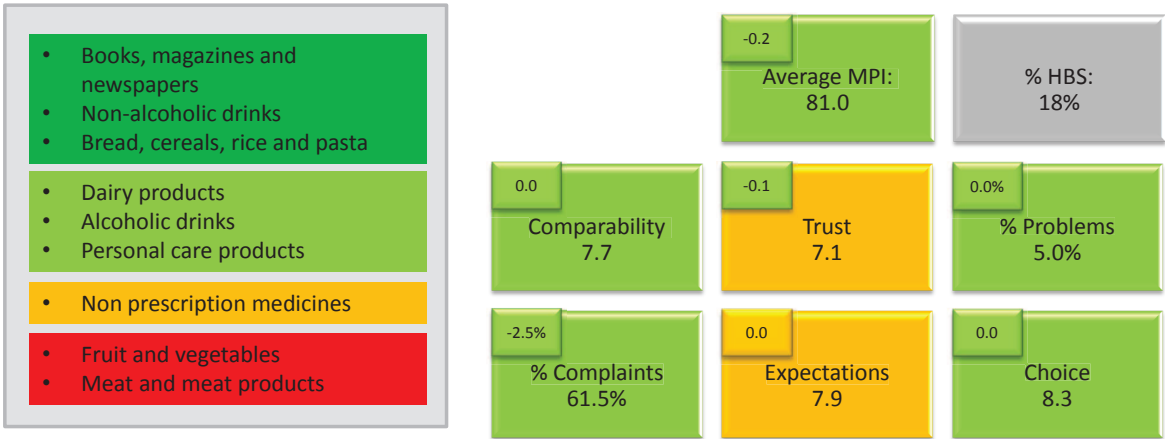
Among goods markets, the fast-moving retail cluster receives the highest assessment, followed by semi-durable goods. Automotive goods remain the worst performing cluster, with a 4.5-point gap to the preceding cluster. At the same time, they have seen the highest increase in score between 2012 and 2013 out of all clusters. The services markets clusters are clearly led by recreational services, followed by insurance services and public transport. Banking services are in last position despite steady improvement since 2010. Telecoms and utilities are also ranked low by consumers.

**Table 4: MPI (Market Performance Indicator) per market cluster**

		MPI 2013	Diff 2013-2012	Diff 2012-2011	Diff 2011-2010
Goods	Fast moving retail	81.0	-0.2	0.9	1.0
	(semi)-durable goods	80.6	-0.1	1.2	1.8
	Automotive goods	76.0	1.2	0.6	0.1
Services	Recreational services	79.1	-0.8	0.8	0.9
	Insurance services	76.3	0.7	0.4	-0.5
	Transport	75.8	0.7	0.4	0.1
	Utilities	74.4	0.9	0.2	-0.8
	Telecoms	73.5	0.2	2.2	0.1
	Banking services	71.5	0.7	0.8	2.2

The following sections present more detailed results per market cluster. For each cluster, a graph presents the MPI and component scores for 2013 (as well as their evolution since 2012), the performance of individual markets included in a given cluster and the cluster's share in the household budget<sup>19</sup>. The colour coding is the same as explained above.

**2.4.1. Fast moving retail**



The fast moving retail cluster is composed of nine goods markets (including six food and drink markets), characterised by a high use and purchase frequency as well as high ‘substitutability’ of products. Altogether, these markets account for an important share of the household budget (18%).

<sup>19</sup> Estimated on the basis of Eurostat 2005 (latest available) data from the Household Budget Survey (HBS).



## *Good performance except for meat and fruit & vegetables markets*

Given its importance in terms of household expenditure, it is encouraging that this cluster is assessed as generally performing well, with above-median scores on comparability and choice and relatively low incidence of problems and complaints. This is not surprising, given that most products sold in these markets are relatively straightforward and low-value items.

The two notable exceptions to the positive assessment of this cluster are the markets for 'meat and meat products' and 'fruit and vegetables', ranked lowest and fifth lowest among goods markets, respectively. The Commission's 2012 in-depth study into the meat market found that the main problems for consumers were limited availability of consumer information in butchers' shops, poor consumers' understanding of some key information elements (e.g. sell-by date) as well as high prices and limited choice of specific meat types (such as organic or animal welfare certified)<sup>20</sup>. The entry into force of the new food labelling rules<sup>21</sup> - which will make it mandatory to indicate country of origin or place of provenance for unprocessed meat of pigs, poultry, sheep and goats - is likely to increase consumers' ability to make informed choices and reduce the risks of being misled on the characteristics of products.

### *2.4.2. (Semi-) durable goods markets*



The (semi-)durable goods cluster encompasses nine goods markets (including household goods, furnishings and clothing) that are used on a daily or frequent basis, but purchased occasionally, requiring more substantial one-off spending. Overall, these markets account for about 12% of the household budget.

### *Relatively good performance despite a high number of complaints*

The markets in this cluster show a mixed performance. 'Spectacles and lenses' and 'entertainment goods' are among the best performing goods markets, while 'clothing and footwear' and 'ICT products' are positioned towards the bottom of the goods markets ranking (4<sup>th</sup> and 6<sup>th</sup> lowest position, respectively).

Most (semi-)durable goods components are given a middle to low assessment, with the exception of trust (which is rated higher) and complaints (which are common in this market

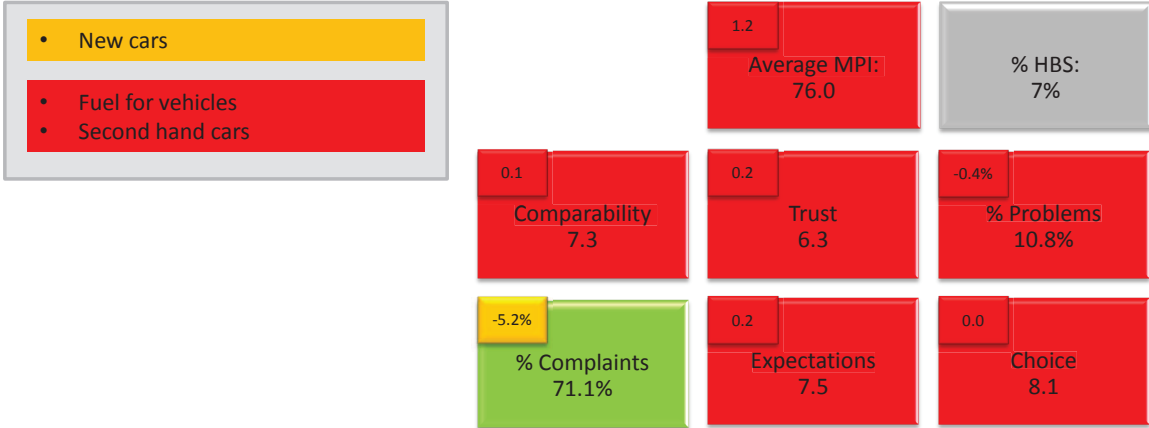
<sup>20</sup> [http://ec.europa.eu/consumers/consumer\\_research/market\\_studies/meat\\_market\\_study\\_en.htm](http://ec.europa.eu/consumers/consumer_research/market_studies/meat_market_study_en.htm).

<sup>21</sup> Regulation (EU) No 1169/2011, OJ L 304, 22.11.2011, p. 18.



cluster). This could be linked to the fact that most (semi-)durable goods have an ‘after sales’ element and retailers are required to offer a minimum duration of legal guarantee on products sold. The Commission has recently launched an in-depth market study on the functioning of legal and commercial guarantees in selected (semi-)durable goods markets (including electronic products; ICT products; electrical household appliances; clothing and footwear; new cars and second-hand cars) with a view to ensuring that EU legislation is consistently implemented and applied across the Single Market.

2.4.3. *Automotive cluster*



The automotive goods cluster contains three markets linked to personal motorised transportation: new cars, second-hand cars and fuel for vehicles. Together, these markets account for around 7% of the household budget.

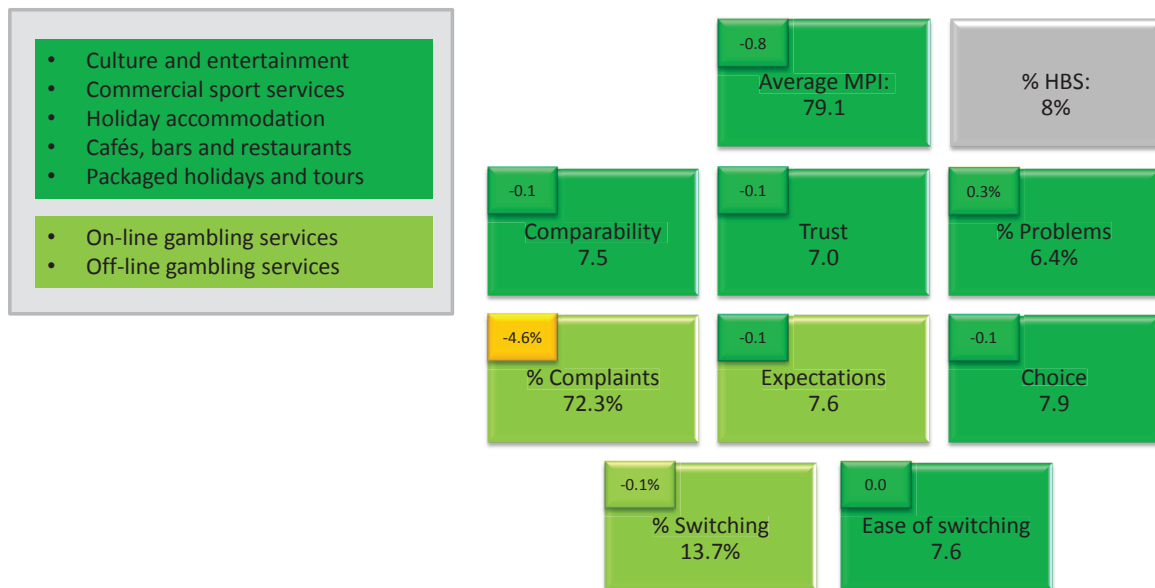
*Poor, but improving, performance*

This market cluster continues to be problematic for consumers, with markets for second-hand cars and vehicle fuels at the very bottom of the goods markets ranking and new cars in seventh lowest position. All the components (except for complaints) are rated as poor. However, the cluster has seen a consistent improvement in performance since 2010 and the biggest increase in score between 2012 and 2013 out of all the goods and services clusters.

The Commission's recent in-depth study into the market for vehicle fuels has confirmed the central importance of clear and transparent consumer information, identifying differences in fuel labelling both across and within EU countries (e.g. different colours for basic fuel types), insufficient information on fuel quality and vehicle compatibility, as well as the practice of frequent price changes, as the main factors limiting consumers' ability to make informed choices in the market<sup>22</sup>. An ongoing study on the functioning of the market for second-hand cars will, inter alia, review the regulatory framework of the second-hand cars markets in all Member States, assess dealers' practices and consider whether the information provided to consumers is transparent enough to allow them to make informed choices, and identify the main problems experienced by consumers.

<sup>22</sup> The consumer market study and an accompanying Commission Staff Working Document on the functioning of the market for vehicle fuels from a consumer perspective (to be published in June 2014) [http://ec.europa.eu/consumers/consumer\\_evidence/market\\_studies/vehicle\\_fuels/docs/study\\_en.pdf](http://ec.europa.eu/consumers/consumer_evidence/market_studies/vehicle_fuels/docs/study_en.pdf).

#### 2.4.4. Recreational services



The recreational services cluster comprises all markets that offer services used by consumers in their leisure time, which together cover 8% of the household budget.

#### *Best performer among services markets*

Perhaps due to the inherent entertainment aspect of recreational services, this market cluster receives by far the highest evaluation among services markets, with very good or good scores on all the components.

All of the individual markets are assessed above the median of the services markets and the majority of them are situated in the top quartile. The only exceptions are the markets for online and offline gambling.

Even though recreational services are in general assessed better than other services markets, they account for a relatively large number of cross-border complaints received by the network of European Consumer Centres<sup>23</sup>. Likewise, an EU-wide investigation of websites selling air travel and hotel accommodation in 2013 found that 69% of the 552 websites checked were in breach of consumer protection rules<sup>24</sup>. The Commission has taken targeted action to further enhance consumer conditions in this sector. For instance, the proposed update to the 1990 Package Travel Directive<sup>25</sup> extends the protection for traditional ready-made travel packages to customised travel arrangements bought over the internet. The ongoing study on online consumer reviews in the hotel sector investigates the problem of misleading and fake reviews,

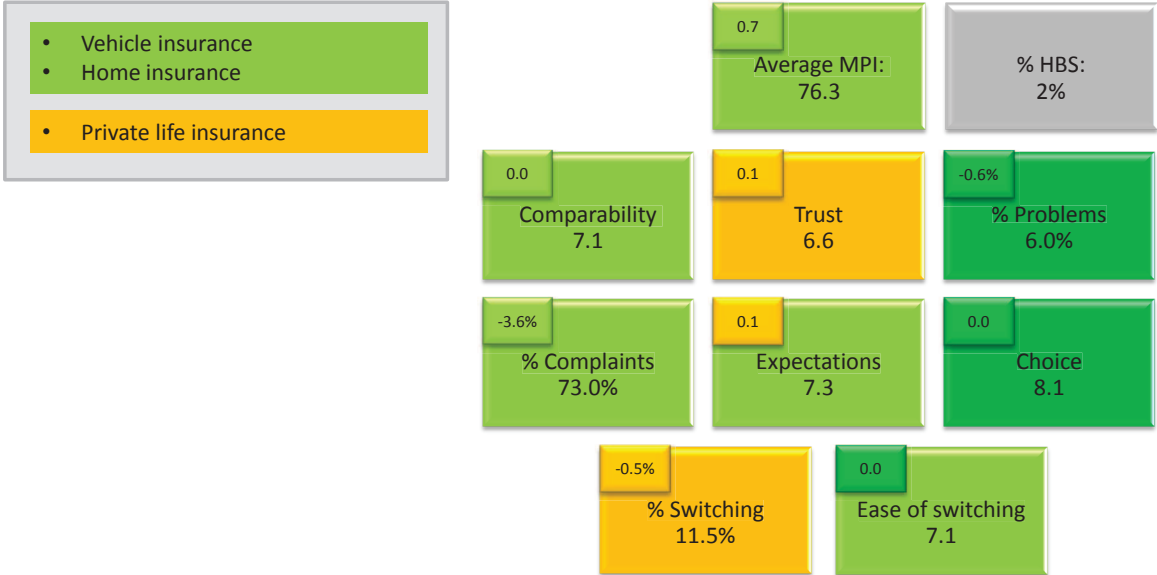
<sup>23</sup> The European Consumer Centres Network 2012 Annual Report, [http://ec.europa.eu/consumers/ecc/docs/report\\_ecc-net\\_2012\\_en.pdf](http://ec.europa.eu/consumers/ecc/docs/report_ecc-net_2012_en.pdf)

<sup>24</sup> [http://ec.europa.eu/consumers/enforcement/sweep/online\\_travel\\_booking/](http://ec.europa.eu/consumers/enforcement/sweep/online_travel_booking/)

<sup>25</sup> COM(2013) 513 final, [http://ec.europa.eu/justice/consumer-marketing/files/com\\_2013\\_513\\_en.pdf](http://ec.europa.eu/justice/consumer-marketing/files/com_2013_513_en.pdf)

and will identify best practices to address this issue (results are due mid-2014). As regards online gambling, a Commission Recommendation will be presented in 2014 aimed at ensuring that consumers of online gambling services enjoy a common high level of protection throughout the internal market.<sup>26</sup>

**2.4.5. Insurance services**



The insurance services cluster groups the markets for home, vehicle and private life insurance, which together account for 2% of the household budget.

**Low incidence of consumer problems**

The cluster is assessed as medium to high performing, despite poorer performance of private life insurance. The majority of components, except for trust and switching, are assessed relatively well. The score for choice is the highest among services market clusters and the incidence of problems is the lowest. The latter could be linked to the fact that actual claims on insurance policies are relatively rare, so there is less scope for problems to arise than in other markets.

<sup>26</sup> [http://ec.europa.eu/internal\\_market/gambling/initiatives/index\\_en.htm](http://ec.europa.eu/internal_market/gambling/initiatives/index_en.htm)

## 2.4.6. Public transport



This cluster is composed of three public transport services markets: airline services; tram, local bus and metro; and train services, together accounting for about 1% of the household budget.

### *Mixed performance across individual markets*

This market cluster shows a mixed performance. The market for train services continues to be perceived by EU consumers as one of the poorest performing services sectors (25<sup>th</sup> out of 31 services markets in 2013), despite improvements in score since 2011. In addition, the level of dispersion in its score is almost the double of the one observed for all services, with Poland, Croatia, Bulgaria, Italy and Romania at the bottom of the ranking. The market for train services in these countries is also among the poorest performers in a recent Eurobarometer on Europeans' satisfaction with rail services<sup>27</sup>, ranking among the six lowest positions in an aggregate index of satisfaction with railway stations and rail travel. The market for tram, local bus and metro services performs close to the services sector average (corresponding to 13<sup>th</sup> place in the services markets ranking), while airline services are among the best evaluated markets (fifth place).

While improving year-on-year, transport markets still show a relatively high incidence of problems (fifth highest in the case of train services). In the markets for train services and local public transport this is coupled with a low propensity to complain (third lowest in the latter market), which could indicate that consumers either do not believe that the problems can be satisfactorily solved or perceive the complaint process as too complex and burdensome. Airline services, on the other hand, account for the largest number (a fifth) of all cross-border complaints received by the network of European Consumer Centres<sup>28</sup>.

One common feature of all transport markets is a low level of competition. The choice of providers is assessed as limited in the airline market and has not even been surveyed in the

<sup>27</sup> [http://ec.europa.eu/public\\_opinion/flash/fl\\_382a\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_382a_en.pdf).

<sup>28</sup> The European Consumer Centres Network 2012 Annual Report, [http://ec.europa.eu/consumers/ecc/docs/report\\_ecc-net\\_2012\\_en.pdf](http://ec.europa.eu/consumers/ecc/docs/report_ecc-net_2012_en.pdf).

markets for train services and local public transport (which are monopolies in the majority of Member States).

A number of recent initiatives are expected to improve consumer conditions in the area of travel and transport. Commission proposals to revise air passenger rights<sup>29</sup> (March 2013) and the Package Travel Directive<sup>30</sup> (July 2013) seek to ensure better consumer information (respectively in case of delayed or cancelled flights and when buying combinations of travel services) and strengthen passenger protection when something goes wrong. A fact-finding study on passenger rights in urban public transport<sup>31</sup> is expected to lead to the development of a set of ambitious voluntary commitments to protect the rights of travellers and of persons with reduced mobility. Finally, the urban mobility package<sup>32</sup> of December 2013 aims at making urban mobility easier and greener.

**2.4.7. Utilities**



The utilities cluster comprises four markets that provide public utilities. These markets are often characterised by the presence of a limited number of potential suppliers. Such services are used on a daily or frequent basis and account for 4% of the household budget.

**Low scores for comparability, choice and switching**

While assessed as middle to low performing overall, the utilities market cluster shows a mixed performance across individual markets. Electricity services rank fourth lowest among the services markets, despite slight improvements since 2011, with market performance differing significantly from one country to another and particularly low scores recorded in southern European countries. Water supply and gas services are assessed slightly better

<sup>29</sup> COM(2013) 130 final, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0130:FIN:EN:PDF> .  
<sup>30</sup> COM(2013) 513 final, [http://ec.europa.eu/justice/consumer-marketing/files/com\\_2013\\_513\\_en.pdf](http://ec.europa.eu/justice/consumer-marketing/files/com_2013_513_en.pdf) .  
<sup>31</sup> <http://ec.europa.eu/transport/themes/urban/studies/doc/2012-11-fact-finding-study-passenger-rights.pdf>  
<sup>32</sup> [http://ec.europa.eu/transport/themes/urban/ump\\_en.htm](http://ec.europa.eu/transport/themes/urban/ump_en.htm) .

(corresponding to 22<sup>nd</sup> and 16<sup>th</sup> place in the services markets ranking), while postal services are among the middle to high performing markets (12<sup>th</sup> place).

Despite improvements since 2012, utilities markets continue to score poorly on comparability of offers, choice of providers (this component was not measured in the water provision market, which is a monopoly in most countries), ease of switching and actual switching (the latter two questions were only asked in respect of electricity and gas markets). This suggests that consumers are not yet able to actively participate in the market and benefit from market liberalisation.

The Commission is working with key stakeholders on increasing the transparency of energy offers and bills, ensuring customers' access to their consumption data (also by promoting smart meter roll-out) and facilitating switching<sup>33</sup>. In the postal sector, the Commission's December 2013 Communication on a roadmap for completing the Single Market for parcel delivery, build trust in delivery services and encourage online sales<sup>34</sup> attributes specific tasks to stakeholders to increase transparency and information on delivery solutions, improve the availability, quality and affordability of delivery solutions, and enhance complaint handling and redress mechanisms for consumers.

2.4.8. *Telecoms*



The telecom cluster includes the markets for fixed and mobile telephone services along with the markets for internet provision and TV subscriptions, which together make up 3% of the household budget. These markets are characterised by a limited number of potential suppliers. Telecom services are generally used on a daily or frequent basis, whereas the decision on potential supplier is often made from a long-term perspective, usually through the signing of a contract.

<sup>33</sup> [http://ec.europa.eu/consumers/archive/strategy/docs/consumer\\_agenda\\_2012\\_en.pdf](http://ec.europa.eu/consumers/archive/strategy/docs/consumer_agenda_2012_en.pdf)  
<sup>34</sup> COM/2013/0886final;  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52013DC0886:EN:NOT>.

### *High incidence of problems and complaints*

This market cluster is rated as middle to low performing, with relatively low scores for trust, choice of providers and overall consumer satisfaction, and the highest incidence of problems and complaints of all the market clusters. On the positive side, the scores for comparability and ease of switching and the switching rates are the highest among all cluster groups.

In September 2013, the Commission adopted the 'Connected Continent' legislative package<sup>35</sup> laying down measures concerning the European single market for electronic communications and aiming at inter alia enhancing the provision of and access to electronic communications services across the EU, pushing roaming premiums out of the market by 2016 at the latest and improving consumers' choice of telecom providers and services (including from other EU countries). In addition, the proposal strengthens and harmonises consumer rights in the field of electronic communications across the EU, in particular with regard to: elimination of restrictions and discrimination; cross-border dispute resolution mechanisms; freedom to provide and avail of open internet access and safeguards for quality of services; enhancing the transparency and publication of information, including through comparison tools; enhanced information requirements for contracts of fixed and mobile telephony and internet access services; control of consumption measures; contract duration and termination rules; provisions on bundled offers of services; and facilitating switching providers. The proposal builds inter alia on the results of an in-depth study and a related Staff Working Document<sup>36</sup> on the functioning of the market for internet access and provision from a consumer perspective.

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<sup>35</sup> Commission proposal for a Regulation of the European Parliament and of the Council laying down measures concerning the European single market for electronic communications and to achieve a Connected Continent - COM(2013) 627 final.

<sup>36</sup> <http://ec.europa.eu/digital-agenda/en/connected-continent-single-telecom-market-growth-jobs>  
[http://ec.europa.eu/consumers/consumer\\_research/market\\_studies/internet\\_services\\_provision\\_study\\_en.htm](http://ec.europa.eu/consumers/consumer_research/market_studies/internet_services_provision_study_en.htm), the study was carried out as a follow-up to the 4th Consumer Markets Scoreboard.