Indicators of consumer protection and empowerment in the digital world

Presentation by
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Indicators of consumer protection and empowerment in the digital world

Results and recommendations of a feasibility study

Eighth meeting of the UNCTAD Research Partnership Platform
Geneva, 05 July 2017

Study commissioned by:

[Logo of ConPolicy]

[Logo of verbraucherzentrale Bundesverband]
Background

Digitalisation is **profoundly changing** the everyday life of consumers

Digitalisation has a wide range of **positive effects** for consumers:
- It potentially enables consumers to more easily access and process information.
- It increases choice and variety.
- By means of transparency, it puts pressure on businesses which can lead to lower prices and encourage innovation.
- It increases consumer convenience.

Yet, there are also **barriers and risks** associated with digitalisation from a consumer perspective:
- 3.9 billion people – more than half of the world’s population – are still offline.
- Consumers are concerned about identity theft, fraud, loss of control over personal data, etc.

Hence there is a lack of consumer trust in many digital products and services.

Evidence suggests that only if consumer concerns are taken into account, will they trust the new products and services of the digital economy.
In their *Digital Economy Development and Cooperation Initiative*, the G20 have agreed to bridge the digital divide. The initiative also welcomes and encourages efforts to “develop better metrics for important policy issues like trust in the digital economy, e-commerce, cross-border data flows, and the Internet of Things”. The German G20 Presidency has taken up this call.

Hence in the context of a feasibility study, the study’s objectives are:

1. **Develop proposals** for a set of indicators describing and measuring progress towards an environment that is beneficial for consumer trust in the digital world.
2. **Analyse the extent** to which some of the indicators might already exist and summarise best practices.
3. **Make recommendations** for how to take the objective of indicator development in the G20 context further. … Present the results in the context of the March 2017 G20 Consumer Summit.
### Approach and methodological limitations

#### 4 step approach:

1. **a literature review and analysis of international reference documents**
2. **expert interviews**
3. **a consultation of the members of Consumers International (CI)**
4. **an online representative consumer survey conducted in six G20 member states**

#### Methodological limitations:

- Prioritisation of consumer issues
- Study should be regarded as "proof of concept" study
- The study does not aspire to develop an index
- Since only six G20 countries were covered in the consumer survey, no comprehensive picture
- Survey results should be interpreted with care
Project team

Joint project by ConPolicy, Prof Dr Lucia Reisch and YouGov

Prof Dr Christian Thorun
Project head

Prof Dr Lucia Reisch
Expert on consumer research and policy

Dr Max Vetter
Project manager

Anne Zimmer
Project manager

YouGov
What the world thinks
Specialist for consumer surveys
THE RESULTS IN 7 THESIS
Thesis 1: A thriving and inclusive digitalisation process necessitates consumers’ trust in digital markets

Digitalisation provides a range of opportunities for consumer welfare. However, consumers face barriers and real and perceived risks in the digital world that undermine consumer trust and slow the digitalisation process.

According to a CIGI global representative survey conducted in 24 countries:

- 39% of respondents say that they have reduced the amount of biographically accurate information they provide online.
- 23% made fewer financial transactions online.
- ...

The Internet Society concludes in its 2016 Global Internet Report:

“Without trust, those online are less likely to entrust their personal information to the Internet, and, those who are not yet online will have reasons to stay offline. The Internet economy will not grow as fast as it could, and the UN Sustainable Development Goals (SDGs) will be that much harder to achieve.”
Thesis 2: In order to strengthen consumer trust, the demand-side of the market needs to be brought into the spotlight

Heads of government have put the task of consumer protection and empowerment in the digital world on national, regional and international agendas.

The United Nations Guidelines for Consumer Protection (UNGCP) call upon member states to “work towards enhancing confidence in electronic commerce by the continued development of transparent and effective consumer protection policies, ensuring a level of consumer protection that is not less than that afforded in other forms of commerce.”

The World Bank argues in its 2016 World Development Report that while “[f]irst-generation policies for the information and communication technology (ICT) sector, aimed at universal access and affordability, have proved successful for phone services […] next generation policies must also focus on demand-side issues of digital literacy, as well as privacy, cybersecurity, and internet governance, where a global consensus has yet to emerge.”
Thesis 3: To bring the demand-side into focus, the UN Guidelines for Consumer Protection should be used as a policy framework

There are different ways in which the demand-side can be brought into focus. Due to the fact that the UN Guidelines for Consumer Protection (UNGCP) constitute an internationally endorsed set of consumer protection and empowerment principles, we recommend to use them as a policy framework.
Excursus: Dimension 1 - Access

While respondents in our online survey are relatively satisfied with the quality of their Internet connection, globally there is still a severe access and usage gap.

Those that are online are relatively satisfied …

... but more than half of the world’s population are not yet online.

The ITU warns in its 2016 report: “These findings suggest that the Internet is liable to reinforce existing inequalities and leave the most vulnerable population groups even further behind. While the mobile phone has (rightly) been hailed as a development enabler that provides crucial communication channels, access to information and new services to large population groups, including the poor and less privileged, the full potential of the Internet remains largely untapped.”
Excursus: Dimension 3 - Product safety and liability

Our consumer survey shows that consumers are **relatively concerned** about the **safety** of some digital technologies, such as self-driving cars or smart homes.

- Women expressed slightly more concerns than men.
- Younger consumers are less concerned than older consumers.
- The level of concern is similar in Dimension 4 - Privacy and data security.

### I have concerns that some digital technologies (e.g. self-driving cars, smart homes and others) are unsafe.

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Excursus: Dimension 8 - Governance and participation

Our consumer survey shows that in most countries trust levels in governments to protect consumer rights are below the midpoint of the scale.

Consumers are relatively distrustful ...

... and this distrust is supported by other evidence.

An UNCTAD survey of government representatives about obstacles to enacting data protection legislation in 48 countries in Africa, Asia, Latin America and the Caribbean suggests that by far the largest obstacles for effective law-making in the realm of data protection are the lack of skills or training for policy- and lawmakers (more than 60%) and for members of parliament (more than 40%).

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Thesis 4: To systematically improve the state of consumer protection and empowerment, valid indicators and good data are needed

An evidence-based impactful policy-making needs valid indicators and good data. However, for consumer protection and empowerment, as well as the concept of consumer trust in the digital world, such a set of indicators does not yet exist.

In its report prepared for the G20 German Presidency, the OECD notes that there was an "important gap in cross-country comparable metrics on trust."

Therefore there is a need to develop indicators and corresponding methodologies to measure the state and progress towards a consumer-friendly demand-side environment and to generate the data.
Thesis 5: The UNGCP constitute a useful framework for indicator development; Digital Consumer Protection and Empowerment (DCPE) indicators can be derived.

Based on the eight dimensions derived from the UNGCP, we recommend the following 65 indicators.

These indicators focus on:
- Regulatory context
- Business conduct
- Consumer outcomes
Thesis 6: Indicators, data-gathering methodologies and G20-wide data sets exist only for a few indicators

The study also analysed the extent to which indicators, data-gathering methodologies and G20-wide data exist. The analysis shows that these exist only for a few dimensions.
Thesis 7: A **double-fledged** approach should be taken for addressing these gaps.

1) Since **consumer surveys** can be comparatively easily developed, implemented and analysed, the study suggests that this approach should be used to generate periodic data that can be used in the **short-term**. 

2) To overcome the identified deficiencies in the methodologies, the **G20** should initiate a process that develops a **comprehensive and robust methodology** for the DCPE indicators in the **mid- and long-term**.

**Strategy 1:**

**Strategy 2:**
The political debate continues – first activities are announced and implemented

The G20 Ministers have made first commitments.

In their April 2017 Ministerial Declaration the G20 committed, inter alia, to:

- promote consumer protection online,
- discuss under the Argentinian Presidency how to protect consumers in the digital economy including and inviting international organisations for example UNCTAD, the OECD and Consumers International and
- engage in work to develop a list of core, cross-country comparable ICT indicators to better support the evidence base and policy making by countries.
Thank you for your attention!

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Together with:
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Supported by:
Consumers International with the input from its world-wide member organisations

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The study can be downloaded at:
www.conpolicy.de/data/user_upload/Studien/ConPolicy_Indicator_study.pdf