Synthesis report on consumer and business attitudes to cross-border sales and consumer protection in the internal market

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1 Introduction

General introduction
The development of the Internal Market is an essential element in meeting Europe's economic challenges and delivering tangible benefits for EU citizens. The Commissioner's Consumer Policy Strategy 2007-2013 calls for the consumer dimension of the Internal Market (business-to-consumer), and the integration of retail markets to be further developed. A well-functioning internal market should offer consumers a wider choice of products and the best possible prices, while offering a consistent high level of consumer protection. The fulfilment of the potential for cross-border shopping should help the development of a better functioning internal market.

The new policy context calls for a change in focus of EU policy towards consumers. In order to better understand consumers' points of view, several Eurobarometer surveys have been launched. Retailers' views were also analysed, by means of other Eurobarometers. Results from five Eurobarometers form the basis of this report.

Special Eurobarometer 298: Consumer Protection in the Internal Market (2008)
In view of its aims to measure on a regular basis consumer attitudes and experiences on cross-border transactions across Europe, as well as their views on specific measures that are meant to protect their rights, DG SANCO carried out this survey. 26 746 interviews were conducted face to face in people's homes in their national language between the 18th of February and the 22nd of March 2008. All of the 27 EU member states were surveyed.

The main focus of this Eurobarometer was to provide a picture of the actual volume of cross-border shopping in the European Union and of consumer protection measures that are likely to facilitate and encourage cross-border shopping. Another aim was to explore the specific aspects of consumers trust or mistrust in relation to cross-border purchases. European perceptions of national consumer protection systems and product safety were also assessed.

Flash Eurobarometer 224: Business attitudes towards cross-border sales and consumer protection (2008)
The aim of this Eurobarometer was to assess cross-border trade or cross-border sales activities from a retailer's perspective. DG SANCO carried out a survey of 7.282 managers in the 27 countries of the EU and Norway. Telephone interviews were carried out between the 30th of January and the 7th of February 2008. The retail enterprises included had at least 10 employees, and 97% of them were small and medium sized enterprises.

The underlying objective of this Eurobarometer was to provide a picture of the importance of cross-border business-to-consumer (B2C) transactions in the EU. In addition, it looked at the attitudes of retailers towards possible obstacles to these transactions, with a focus on the provisions regulating consumer transactions, as well as measures that are likely to facilitate and encourage cross-border transactions. This survey also included an investigation of general consumer protection issues and product safety.

Special Eurobarometer 252: Consumer Protection in the Internal Market (2006)
Flash Eurobarometer 186: Business attitudes towards cross-border sales and consumer protection (2006)

Flash Eurobarometer 128: Public Opinion in Europe: Views on business-to-consumer cross-border trade (2002)

In order to observe developments over time, these three less recent Eurobarometers, with similar content, were also studied.

Scope of this report

Using results from the two most recent Eurobarometers (EB298 and EB 224) and relevant parts from the Special Eurobarometer 252 (EB 252) and Flash Eurobarometer 186 (EB 186), this synthesis report compares and contrasts common issues from both sides of the market (consumers and businesses) over time.

This synthesis report:

- Identifies common issues / problems and then presents and analyses them together.
- Where possible, compares results with past Eurobarometers and identifies any trends.

Key points

- The proportion of consumers shopping cross-border has not increased since 2006, while the proportion of retailers selling cross border has declined. While 25% of consumers have shopped cross-border in the last 12 months, 33% are considering doing so in the next year.

- If harmonised consumer regulations were put in place across the EU, only 41% of retailers would choose not to sell cross-border. This would be a significant improvement compared with the 75% that do not currently sell cross-border.

- 33% of consumers currently shop online, compared with 27% in 2006. Fewer retailers (51%) are selling online than in 2006, but e-commerce remains the most common distance sales channel.

- Consumers continue to be more confident shopping in their own country than abroad, but are increasingly confident in making cross-border purchases. Retailers who are selling cross-border are less concerned about the increased risk of fraud than those that are not selling cross-border.

- 59% of consumers feel that retailers respect their rights as consumers, while 78% of retailers say they are well or fully informed as to their legal obligations towards consumers.

- 33% of retailers and 21% of consumers know where to get information on cross-border sales and purchases, indicating that a lack of information may be a barrier to cross-border trade.

- 17% of consumers and 25% of retailers think that essentially, all products are safe. 48% of consumers and 55% of retailers think that a small number of products are unsafe. 18% of consumers think that a significant number of products are unsafe, while this is the case for 16% if retailers.

2 Cross-border retail sales and purchases

Cross-border shopping is any purchase made by consumers from retailers or providers located in a country other than the country in which a particular consumer is resident. A purchase can be made either in person or via distance shopping. This includes the following:

- travelling to another country with the primary purpose of purchasing products or services there;

- purchases which are made in another country on the occasion of a business trip or holiday, excluding products or services that are part of the trip itself such as transport, accommodation, leisure activities, meals, etc.;

- distance shopping via the Internet, by phone or by post from suppliers situated in other countries; and

- purchasing from sales representatives based in other countries that offer their products directly to consumers.

Cross-border shopping does not include purchases of foreign-made products bought from retailers or suppliers situated in a respondent's own country. Such products, which are traded cross-border from business to business rather than business to consumer, do however make up a large proportion of the products consumers are able to buy in their own country.

This survey deals with purchases made by respondents as private consumers and excludes purchases made on a professional basis.

This chapter describes cross-border transactions carried out by consumers and retailers, in particular current levels of cross-border transactions, the use of distance sales channels, the value of cross-border purchases and cross-border advertising.

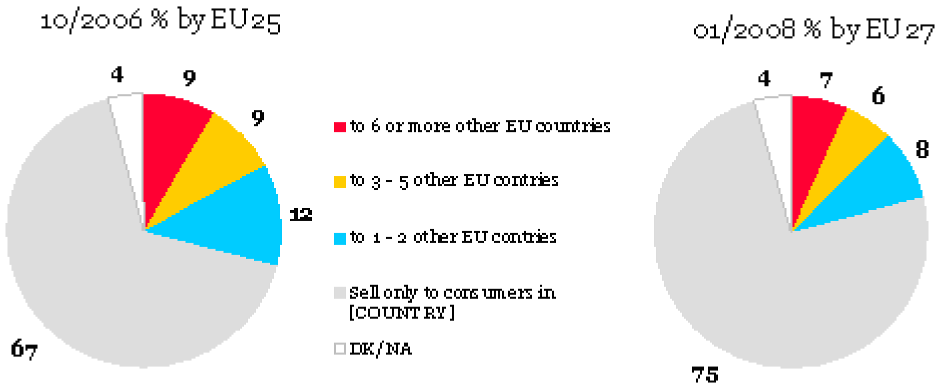
2.1 Levels of cross-border transactions

According to EB 298, 25% of all EU27 citizens have made a cross-border purchase in the last year. The corresponding figure in 2006 was 26% in the EU25, thus the level of cross-border shopping has remained more or less stable.[1] In 2002 13% of citizens in the EU15 had made a cross-border purchase.

A similar percentage of retailers currently sell cross border. Three quarters of retailers from the EU27 sell only to consumers in their own country (see figure 1 below). 8% sell goods to consumers in 1 or 2 other EU countries, 6% sell to 3 to 5 other EU countries, while 7% sell to 6 or more countries. Thus one in five enterprises is selling cross-border to at least one other EU country. The proportion of EU retailers selling cross-border has declined since 2006. In 2006 67% of retailers sold only to consumers in their own country. Now, the corresponding figure is 75% in the EU27, and 74% in the EU25.

[1] Statistically insignificant difference

Figure 1: Retailers' answers: Current cross-border sales to final consumers



Note: **EB 224 Q5:** To how many EU countries do you currently make cross-border sales to final consumers?
Base: all respondents
% by EU27 in 2008 and EU25 in 2006

The proportion of people carrying out cross-border transactions has not increased on either side of the market since 2006. Furthermore, the prevalence of cross-border activity continues to vary significantly across the EU.

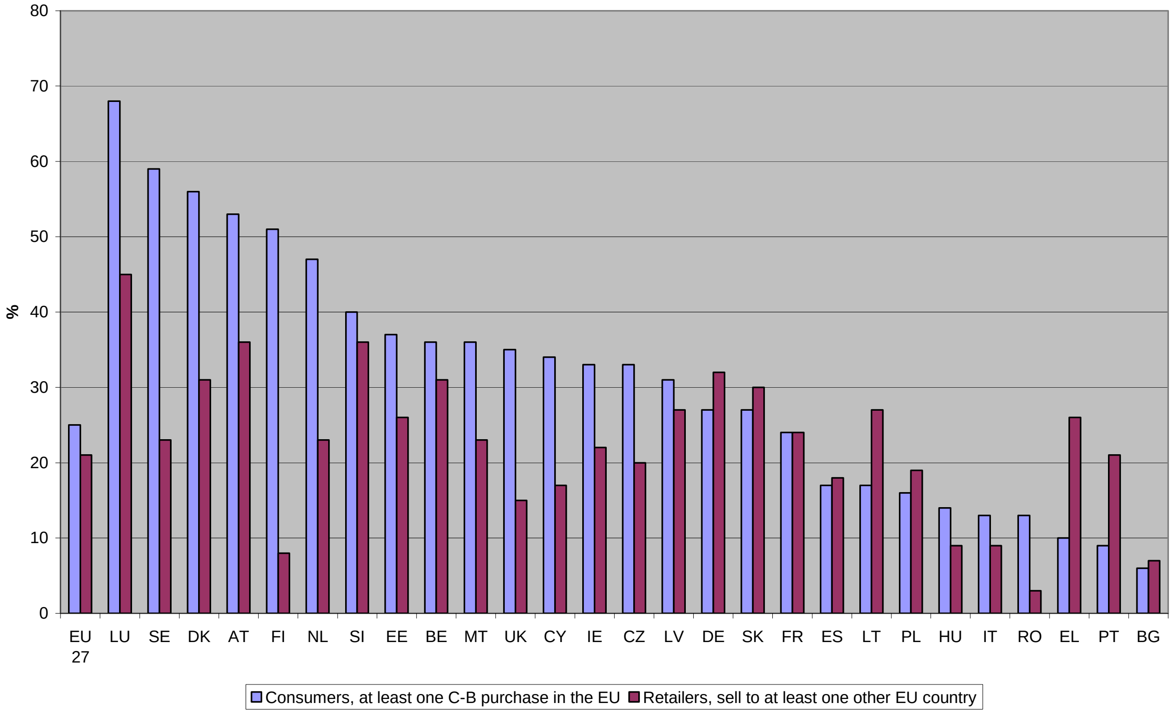
As demonstrated in figure 2 below, shopping cross-border is most common in Luxembourg, Sweden, Denmark, Austria and Finland, with 68% to 51% doing so. The new member states have low levels of cross-border purchases (Bulgaria 6%, Romania 13%), as do Portugal, Greece and Italy.

Selling cross-border is most common in Luxembourg, where 45% of retailers do so. It is lowest in Bulgaria and Romania, where 7% and 3% of retailers sell abroad respectively.

In most countries where many consumers shop cross-border, many retailers also sell cross-border, and vice versa. Finland is the notable exception here: over 50% of Finnish consumers have made at least one cross-border purchase, while only 8% of its retailers sell to at least one other EU country. However, Austria and Denmark have high levels of cross-border sales as well as high levels of cross-border purchases. In Bulgaria, Romania and Italy, both cross-border sales and purchases are low.

The fact that most retailers only sell to consumers in their own country, and that just 7% sell to 6 or more European countries is reflected in the fact that 8% of consumers who have shopped cross-border at some point have also tried to buy goods or services in another EU country but were unable to because they lived in another country. On average, retailers sell cross-border to 1.3 EU countries, which suggests that overall, consumers are limited as to the products they can buy cross-border.

Figure 2: Consumers' and retailers' answers: Cross-border sales and purchases



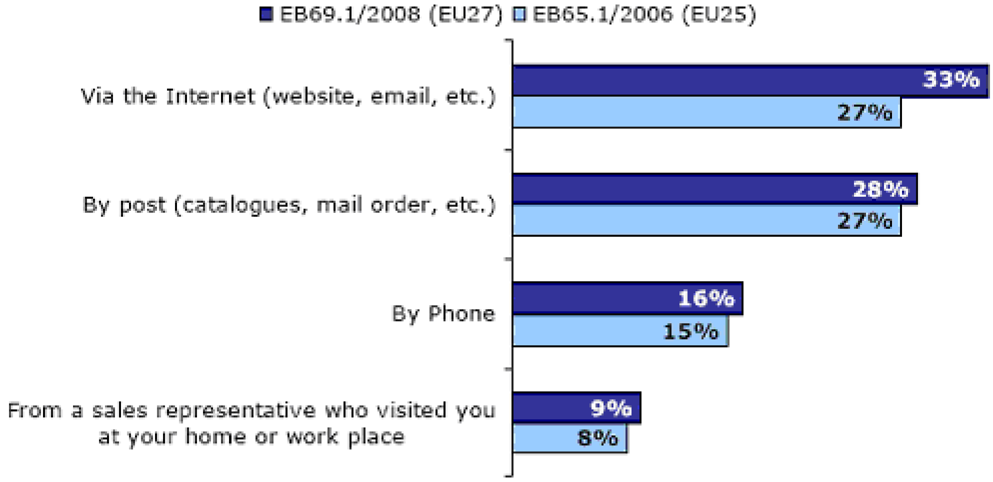
Note**: Consumers: EB 298 QC1:** Please tell me if you have purchased any goods or services in the last 12 months, in (OUR COUNTRY) of elsewhere in any of the following ways? (MULTIPLE ANSWERS)
Retailers: **EB 224 Q5:** To how many EU countries do you currently make cross-border sales to final consumers?
Base: all respondents
% by EU27 in 2008 and EU25 in 2006

2.2 The use of distance selling channels

A third of EU citizens have made a domestic or cross-border purchase via the internet in the past year. 28% have done so by post, 16% by phone and 9% from a sales representative. Overall, 52% Europeans have purchased something using a distance shopping channel in the past year.

Figure 3 below draws attention to the rising importance of the internet as a method of purchase. The percentage of consumers shopping via the internet has risen significantly, from 27% to 33%, while the use of other distance channels has remained more or less unchanged.

Figure 3: Consumers' answers: Use of distance selling channels

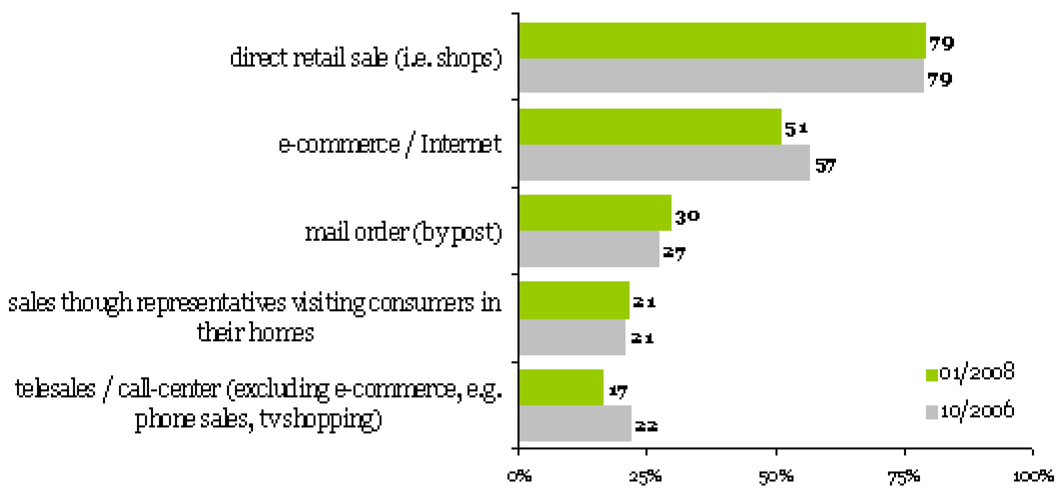


Note: **EB 298 QC1:** Please tell me if you have purchased any goods or services in the last 12 months, in (COUNTRY) or elsewhere in any of the following ways? (Multiple answers possible)

The corresponding figures for retailers reflect these results in that the internet is the most common distance selling medium. 51% of retailers said that they sold goods via the internet. Post was the second most popular medium amongst sellers (30%), and sales through representatives are used by more retailers than telesales (21% vs. 17%).

Despite e-commerce being such a popular sales channel, there has been a fall in the proportion of retailers using e-commerce since 2006, as demonstrated in figure 4 below. In 2006, 57% of retailers in the EU25 sold products via the internet, compared with 51% in the EU27 in 2008, and 53% in the EU25. Thus while the proportion of consumers shopping online has increased, the proportion of retailers selling online has declined slightly.

Figure 4: Retailers' answers: Sales channels used for retail



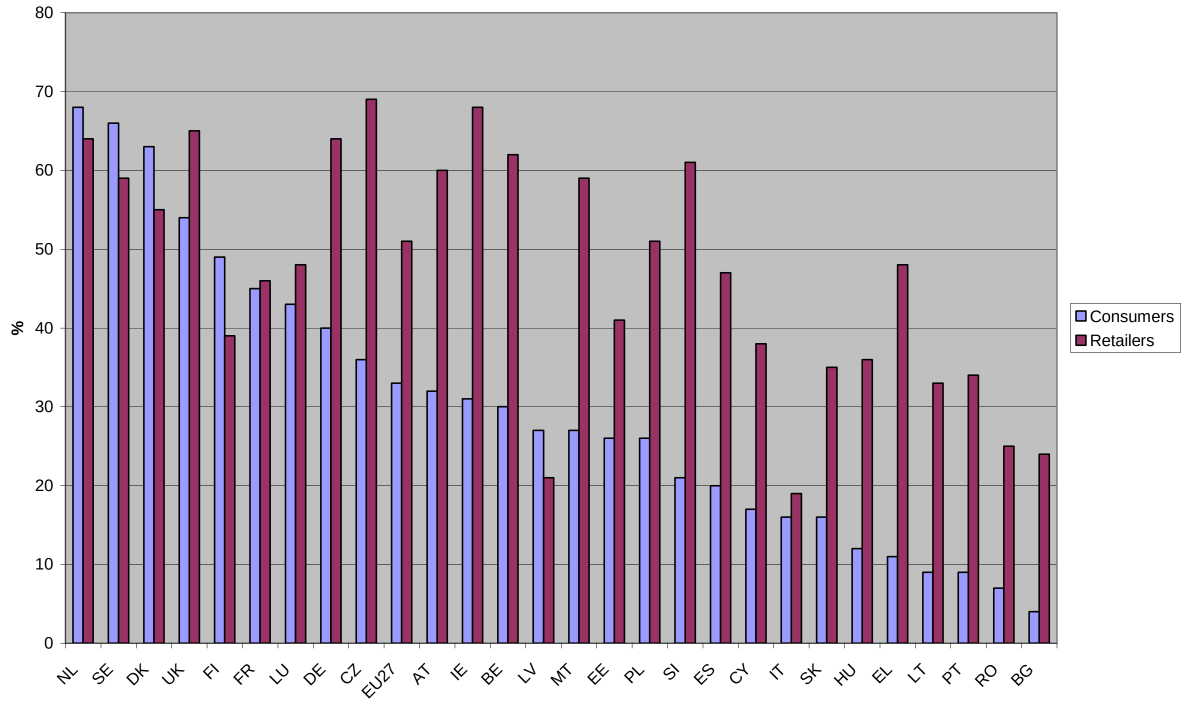
Note: **EB 224 Q1:** Do you use any of the following sales channels for retail?
Base: all respondents
% by EU27 in 2008 and EU25 in 2006

Again, there is significant variation in these figures across member states, which is displayed in figure 5 below. Dutch, Swedish and Danish consumers are the most active in buying online, with 68%, 66% and 63% respectively having done so in the last 12 months. In these

countries a high proportion of retailers also sell online: 64% in the Netherlands, 58% in Sweden and 55% in Denmark.
Bulgarian, Romanian, Portuguese and Lithuanian consumers are the least likely to have shopped online in the last 12 months, and are also amongst the countries with the lowest proportion of retailers using the internet as a retail channel.

However, across the EU, the two factors are not strongly correlated, at 0.46, indicating that where retailers are active in cross-border trade, the same is not necessarily the case for consumers, and vice versa. For example, in Ireland, 68% of retailers sell online, but just 32% of consumers have bought a product online in the last 12 months.

Figure 5: Retailers' and consumers' answers: Use of internet for retail



Note: **EB 298 QC1:** Please tell me if you have purchased any goods or services in the last 12 months, in (COUNTRY) or elsewhere in the following ways? Via the internet.
EB 224 Q1: Do you use any of the following sales channels for retail? A) e-commerce/ internet. Base: all respondents. % by country

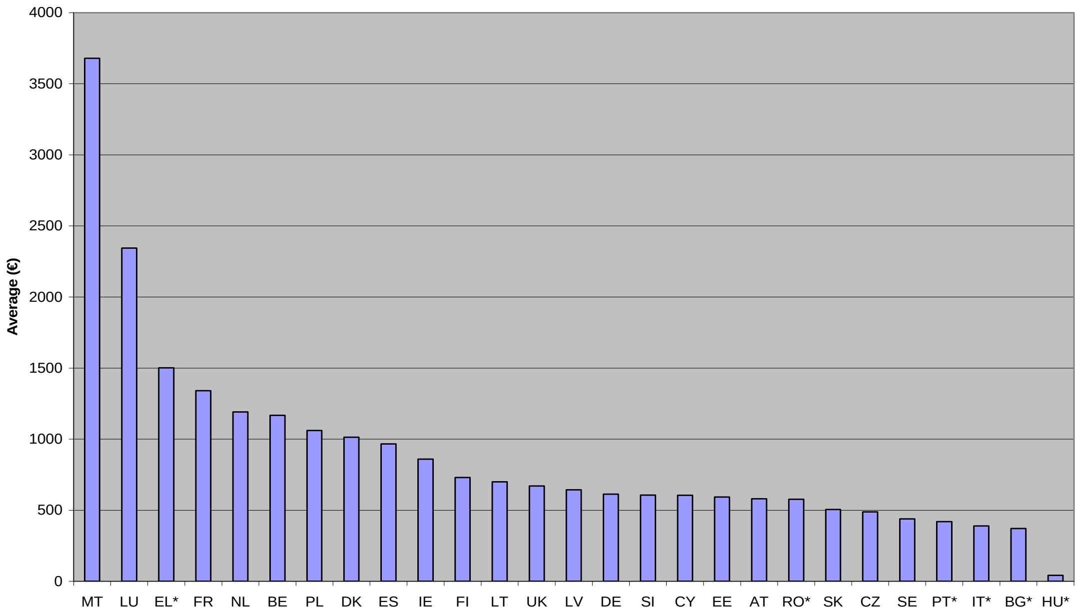
Sales and purchases by post, phone and through sales representatives are less popular than those via the internet. However, in some countries, these channels continue to be used by a high proportion of consumers. For example, telesales are used by 38% of UK consumers (but just 25% of UK retailers), and 53% of Greek retailers (but just 7% of Greek consumers). 45% of German consumers buy via mail order, while 55% of German retailers sell via this method. Buying from sales representatives is uncommon – it is most popular in Romania where 15% do so, while 36% of Spanish retailers use sales representatives in people's houses.

Italian retailers are the least active in making purchases by post, phone and through sales representatives (2-3%), as are Cypriot consumers in telesales (2%) and mail order (3%), and Polish consumers in buying from sales representatives.

2.3 Value of purchases

Based on responses from EB 298, the average cross-border shopper in the EU spends an average of €797 per year on these purchases. At country level this ranges from €3679.5 in Malta to €41 in Hungary (though here the base is too small for reliable analysis). 51% of citizens who made at least one cross-border purchase spent between €51 and €500 on goods and services offered by sellers/providers located in other EU countries.

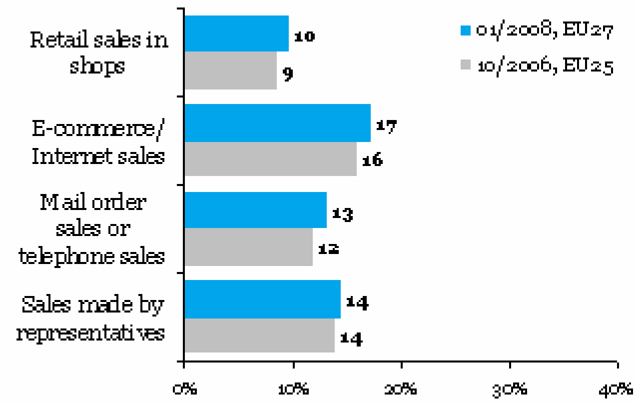
Figure 6: Consumers' answers: Value of cross-border purchases



Note: **EB 298 QC3:** In the last 12 months, approximately what was the total value of the goods or services you said you have purchases from sellers/providers located in other European countries? Please tell me how much you have spent, even if it's an approximate amount.
Base: If 'has made at least one EU cross-border purchases'. Countries with an asterisk: The base is too small for reliable analysis.

The share of cross-border revenue from any one sales channel is highest for internet sales (figure 7). Cross-border sales are estimated to make up 17% of all internet revenue in the EU27. The corresponding figure for retail shops is 10%, 13% for mail order and telephone sales, and 14% for sales made by representatives, all of which are more or less unchanged since 2006. In 2002 only 3% of internet sales to consumers over the past twelve months were to consumers residing other EU countries, so while the share has not increased since 2006, the overall trend is positive.

Figure 7: Retailers' answers: Share of cross-border revenue by sales channel, 2006-2008



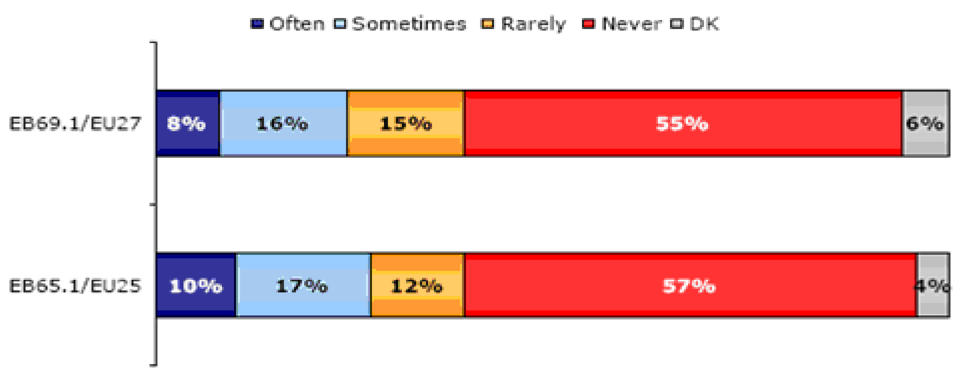
Note: **EB 224 Q3/Q6/Q7/Q8:** Of the total value of your retail sales in shops / e-commerce/internet sales / mail order sales or telephone sales / sales made by your representatives visiting consumers in their homes, can you estimate the percentage to consumers living in other EU countries?
%, Base: those who use each sales channel for retail at least in one other EU country

While consumers appear to be spending more money cross-border, this is not reflected in the share of revenue from cross-border sales in any of the sales channels shown in figure 7, suggesting that the increase in spending cross-border may be due to an overall increase in spending by the minority who shop cross-border.

2.4 Advertising

Figure 8 below demonstrates that the majority of citizens in the EU27 have never come across advertisements or offers from sellers/providers located in other EU countries. This is the case for 55% of individuals. 31% say they have come across such advertising sometimes or rarely, whereas just 8% have come across it often. These figures are more or less unchanged compared with 2006, when 57% of consumers said they never came across cross-border advertising, and compared with 2002, when 55% said they had not seen or heard cross-border advertising in the last 12 months.

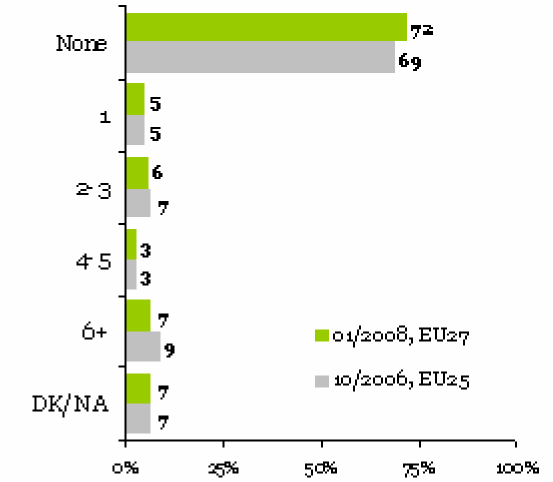
Figure 8: Consumers' answers: Cross-border advertising



Note: **EB 298 QC4:** In the last 12 months, in (OUR COUNTRY) have you come across advertisements or offers from sellers/providers located in other EU countries?

This limited awareness of cross-border advertising reflects retailers' responses as to how many countries they advertise to (figure 9). 72% of EU27 retailers do not advertise to any EU country other than their own (71% in the EU25). A further 14% advertise to between one and five other EU countries, while 7% advertise to six or more.

Figure 9: Retailers' answers: Number or EU countries actively market/advertise to



Note: **EB 224 Q2:** Besides [COUNTRY], to how many EU countries do you actively market/advertise to final consumers?
Base: all respondents, % by country

Although there has been little change in the regularity with which EU consumers come across cross-border advertising, there has been a drop in the proportion of retailers actively marketing their products cross-border since 2006. Figure 10 presents the prevalence of cross-border advertising across the EU.

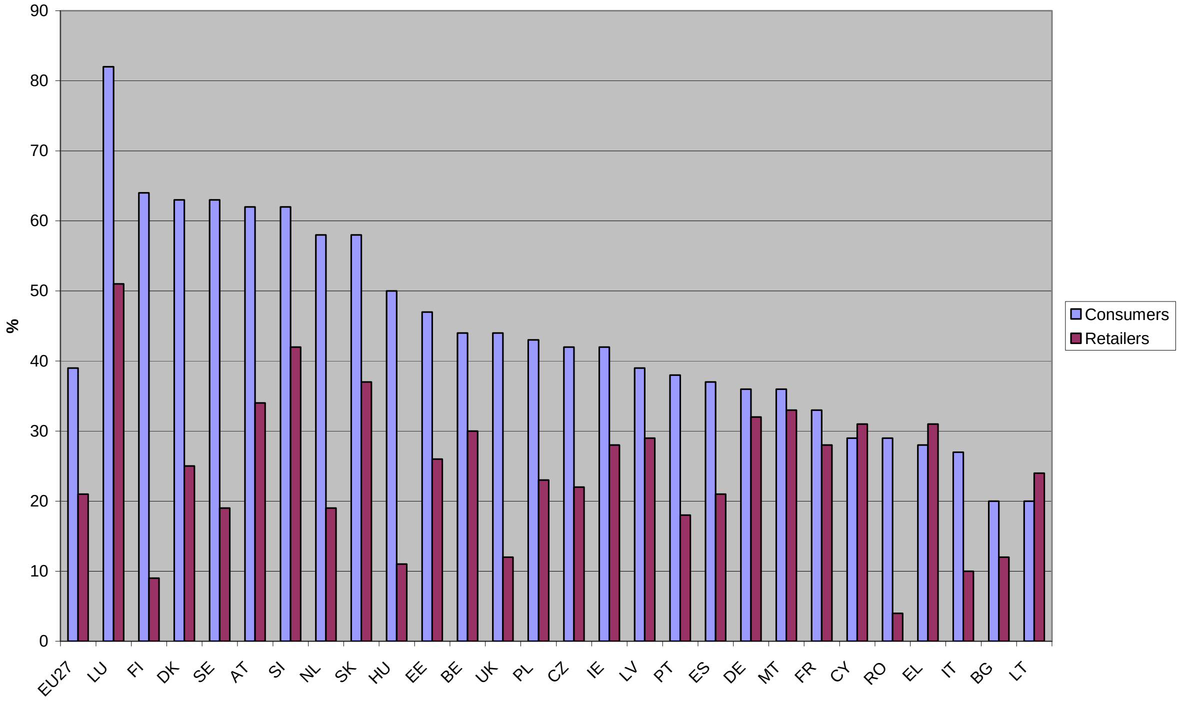
In Luxembourg, 82% of people have come across cross-border advertising. In Lithuania and Bulgaria, just 20% have done so.

Austrians, Swedes and Slovenes are very likely to come across cross-border advertising: Between 62% and 63% have done so in the past year. In Greece, Italy and Bulgaria, many people, between 20% and 28% have not.

Unsurprisingly, there is a strong correlation (0.84) between the percentage of individuals that has recently come across advertising from sellers located in other EU countries, and the percentage of individuals that has shopped cross-border in the last 12 months. Cross-border advertising is clearly designed to have an effect on the number of consumers shopping cross-border, and this seems to be the case. That awareness of cross-border advertising is higher in consumers that already shop cross-border may also play a part in this high correlation.

The overall EU figures on cross-border advertising reflect the situation across most EU countries, in that in most of the member states consumers are more likely to have come across cross-border advertising, than for retailers to be advertising in other EU countries. The only exceptions are Greece and Lithuania, as is displayed in figure 10 below. This indicates that, unsurprisingly, the countries that are most active in cross-border purchases are not necessarily, the most active in cross-border sales.

Figure 10: Consumers' and retailers' answers: Cross-border advertising



Note: Consumers: **EB 298 QC4:** In the last 12 months, in (OUR COUNTRY) have you come across advertisements or offers from sellers/providers located in other EU countries?
Retailers: **EB 224 Q2:** Besides [COUNTRY], to how many EU countries do you actively market/advertise to final consumers? – advertise to at least one other EU country
Base: all respondents, % by country

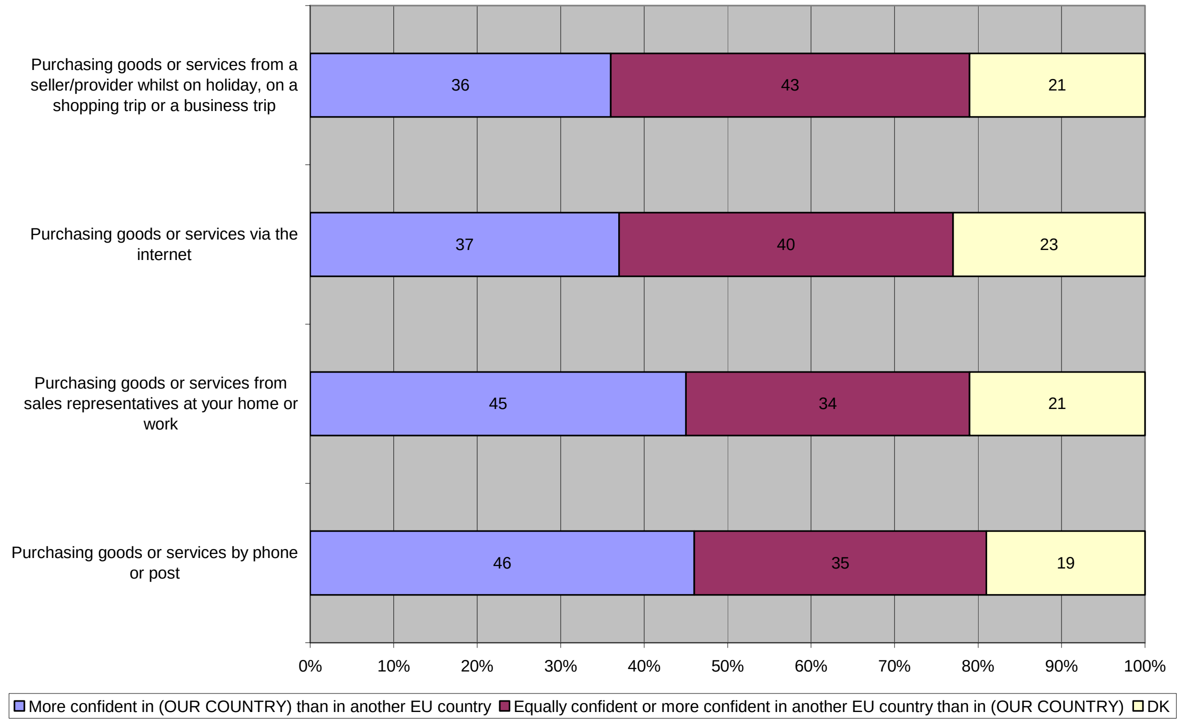
3 Obstacles to cross-border retail sales/purchases

3.1 Confidence in cross-border sales/purchases: Perceived problems

In the EU27, confidence in shopping cross-border varies depending on the sales channel used (figure 11), though with each channel, at least a third of consumers feel equally confident buying from sellers at home and abroad, or indeed more confident shopping from sellers located in another EU country.

Consumers are least confident buying cross-border when shopping by phone or by post – 46% say they would feel more confident doing so in their own country. They are most confident shopping cross-border when on trips – 43% would feel equally or more confident shopping abroad.

Figure 11: Consumers' answers: Confidence making cross-border purchases



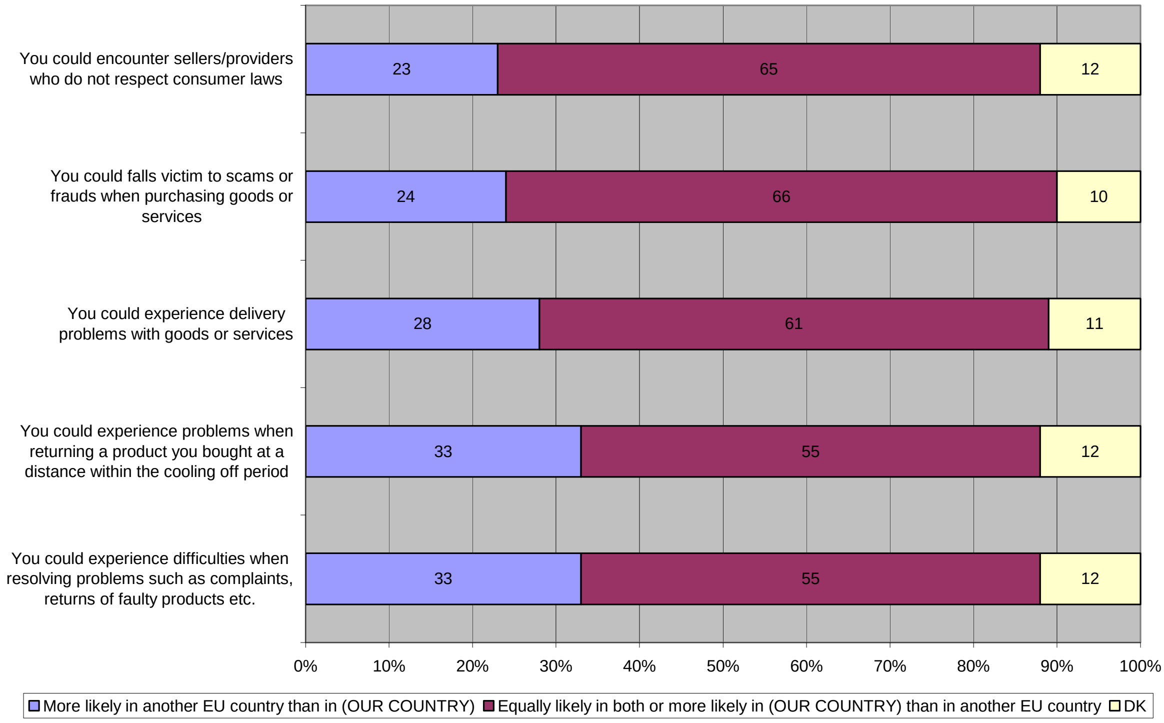
Note: **EB 298 QC16:** For each of the following would you be more confident making purchases from sellers/providers located in another EU country, in (OUR COUNTRY) or equally confident in both?

Consumer confidence in shopping cross-border has increased since 2006. For example, in 2006, 45% of consumers said that they were less confident buying from a seller in another country than their own when shopping via the internet, compared with 37% in 2008. 54% felt more confident making purchases from sellers in their own country by phone or post, 50% when buying from sales representatives and 44% on trips. So while only 25% of consumers are currently shopping cross-border, a significant proportion feels that they would be equally confident shopping at home and abroad.

Consumers' biggest worries in shopping cross-border are that they will have difficulties resolving complaints, and that they will have problems returning products in the cooling off period. A third of consumers think that this problem is more likely when shopping cross-border than in their own country (figure 12). However, as figure 12 below shows, the majority of consumers think that these problems are equally likely in their own country and another EU country or more likely in their own country. Almost two thirds of consumers think that encountering sellers/providers who do not respect consumer laws is equally likely at home and abroad or more likely at home.

These results are encouraging, as they indicate that most consumers do not feel that there is a higher risk involved in shopping abroad compared with domestically.

Figure 12: Consumers' answers: Problems that could be encountered when shopping cross-border



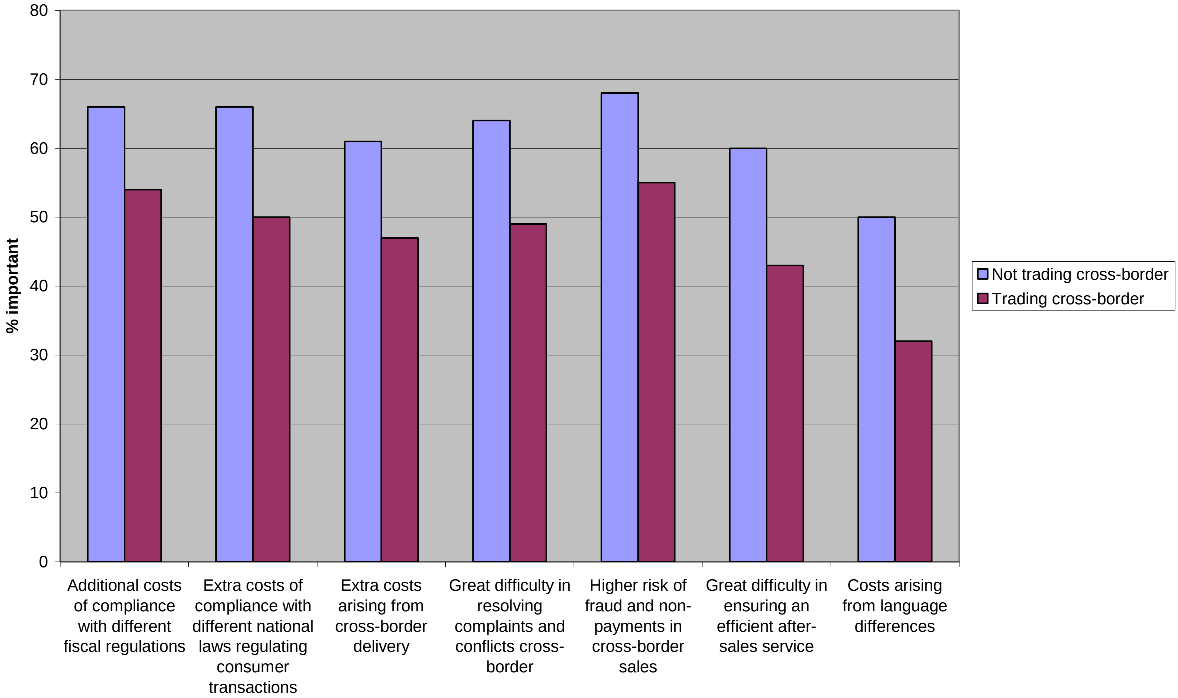
Note: **EB 298 QC17:** For each of the following situations, would you say that they are more likely to happen in another EU country than in (OUR COUTNRY), more likely to happen in (OUR COUNTRY) than in another EU country or equally likely in both?

A minority of consumers feel that there are increased risks involved when shopping cross-border as opposed to at home. Figure 13 below demonstrates retailers' views on these issues. 60 or more per cent of retailers who are not selling cross-border regard costs associated with varying fiscal regulations, compliance with varying national consumer laws, cross-border delivery, the increased risk of fraud and the greater difficulty in ensuring an efficient after-sales service as important in cross-border transactions. The biggest concern relates to the higher risk of fraud and non-payments in cross-border sales. 68% of retailers not selling cross-border sees this as an important obstacle.

However, the views of retailers who *are* selling cross-border suggest that many consumers and non-cross-border retailers may be overly concerned. Of the former, just 55% think of fraud as an important barrier, compared with 68% of the latter. Similarly, other barriers are regarded as important by 54% or less of cross-border retailers.

Despite the noticeable disparity between the views of cross-border and non-cross-border retailers, many retailers who are selling cross-border continue to regard these barriers as important. Amongst these too, fraud and non-payment is the biggest concern, with 55% of cross-border retailers considering this factor to be important. This suggests that while selling cross-border in many cases does not prove to be as problematic as anticipated, for the majority, the expected problems do indeed play a role, if not insofar as to deter sellers.

Figure 13: Retailers' responses: Perceived importance of various barriers among retailers who are trading and who are not trading cross-border (%, EU27)



Note: **EB 224 Q11:** Please tell me how important do you think these obstacles are to cross-border sales.
Base: those who did not spontaneously claim that they are not interested at all in cross-border trade. % by EU27.

3.2 Willingness to sell/purchase in another EU language

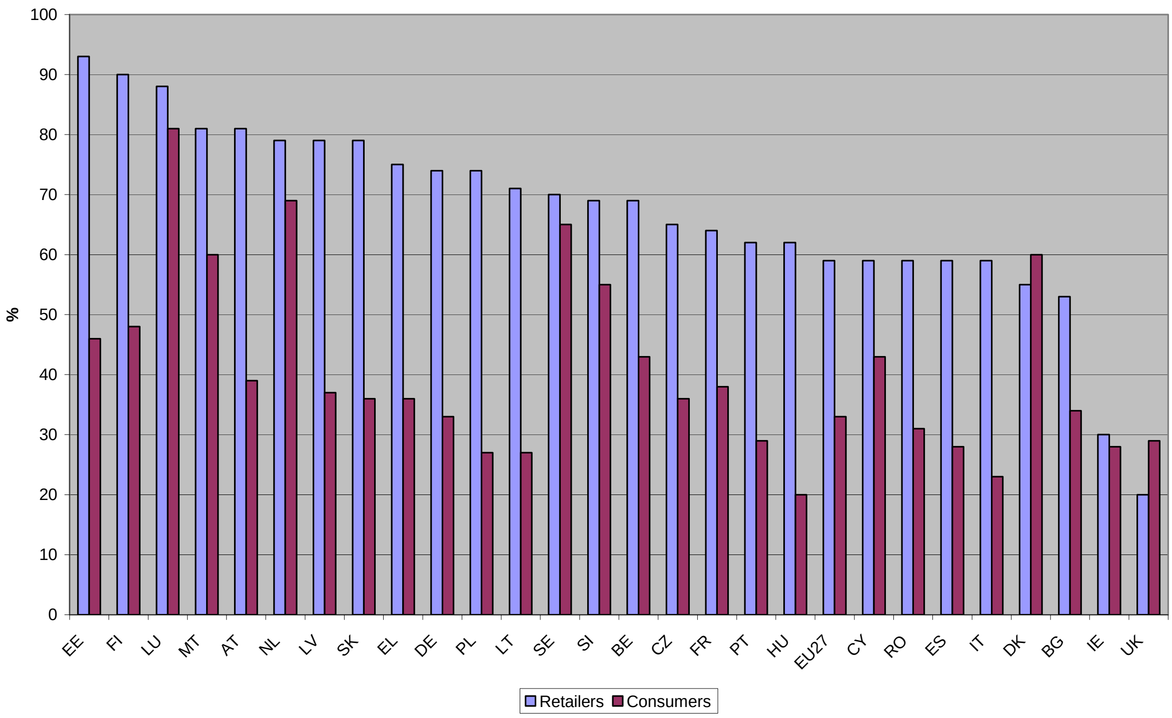
In the EU 27, as figure 14 below shows, it appears that language is a key barrier to increasing the level of cross-border sales and purchases. 59% of retailers say they are able to use more than one language with consumers, while 33% of consumers say they are willing to purchase goods and services in another EU language. Thus many consumers may be prevented from gaining access to the wider choice and lower prices that cross-border shopping potentially offers. By the same token, retailers will have access to a smaller group of potential buyers.

In the majority of EU27 member states, *less* than 50% of consumers are willing to make purchases in a foreign language. The exceptions are Luxembourg (81%), Malta (60%), the Netherlands (69%), Sweden (65%), Slovenia (55%) and Denmark (60%).

Among EU27 retailers, *over* 60% are prepared to carry out transactions in a language other than their own, except in Cyprus (59%), Romania, (59%), Spain (59%), Italy (59%), Denmark (55%), Bulgaria (53%), Ireland (30%) and the UK (20%). Estonian and Finnish retailers are the most likely to transact in a foreign language.

Overall, as in 2006, citizens in Luxembourg are the most likely to be willing to carry out sales and purchases in a foreign language. Those in the UK are the least likely to and less likely to do so than in 2006.

Figure 14: Share of retailers/consumers prepared to use another EU language in goods and services transactions



Note: **Consumers: EB 298 QC15.1** Thinking generally about purchasing goods and services from sellers/providers located elsewhere in the European Union, which we refer to as 'cross-border shopping', please tell me to what extent you agree with each of the following questions. Option: You are prepared to purchase goods and services in another EU language.

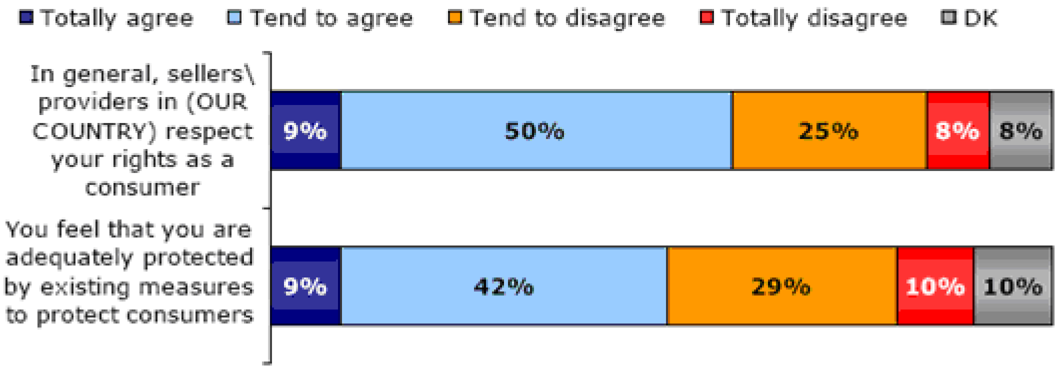
Retailers: EB 224 Q4. In how many languages are you currently prepared to carry out transactions with consumers?
Base: all respondents. At least one foreign language.
% by country

4 Consumer Protection and safety

4.1 Perceptions of consumer protection

39% of consumers feel that they are not adequately protected by existing measures to protect consumers (figure 15).

Figure 15: Consumers' answers: Consumer protection

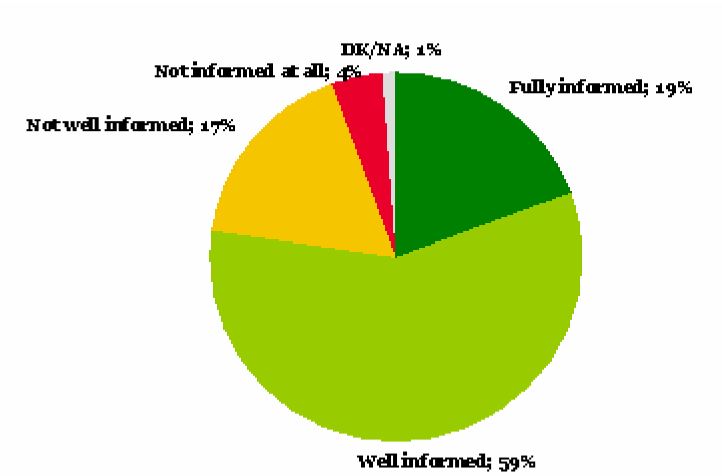


Note: **EB 298 QC20:** For each other the following statements, please tell me if you agree or disagree with it. In (OUR COUNTRY)…- % EU27

78% of retailers say that they are well or fully informed about their obligations towards consumers (figure 16). However, with 59% of consumers saying that sellers/providers in their home country respect their consumer rights (figure 15), it appears that consumers' confidence with respect to their rights is not as high.

Overall, it appears that more may need to done to ensure that consumers are and feel protected.

Figure 16: Retailers' answers: Informed about legal obligations towards consumers

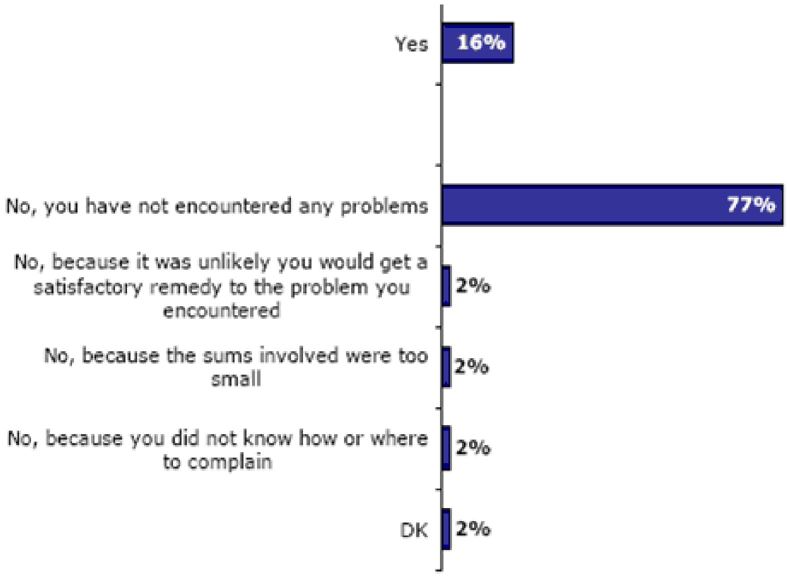


Note: **EB 224 Q15:** How well are you informed about your legal obligations towards consumers arising from consumer protection legislation in your country?
Base: All respondents
% EU27

4.2 Complaints and redress

In the last 12 months, the majority of consumers have not had reason to make a formal complaint to a seller/provider. 77% have not encountered any problems with a purchase.16% have made a complaint, while 6% have had a problem but did not complain, as demonstrated by figure 17 below.

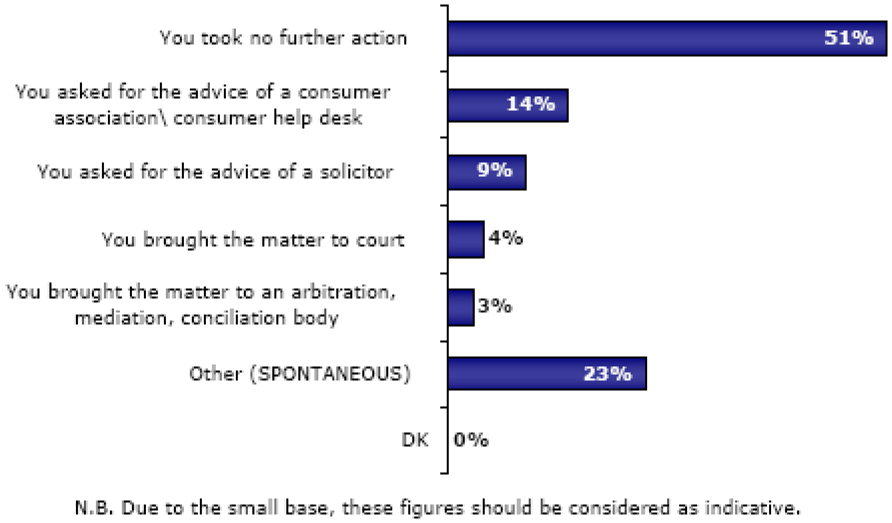
Figure 17: Consumers' responses: Formal complaints



Note: **EB 298 QC12:** In the last 12 months, have you made any kind of formal complaint by writing, by telephone, or in person, to a seller/provider about a problem you encountered? (MULTIPLE ANSWERS POSSIBLE) - % EU27

It seems that when complaints are not dealt with in a satisfactory way, little action is taken to ensure redress: 51% of people whose complaints were unsatisfactorily dealt with took no further action (figure 18).

Figure 18: Consumers' responses: Dealing with unresolved complaints

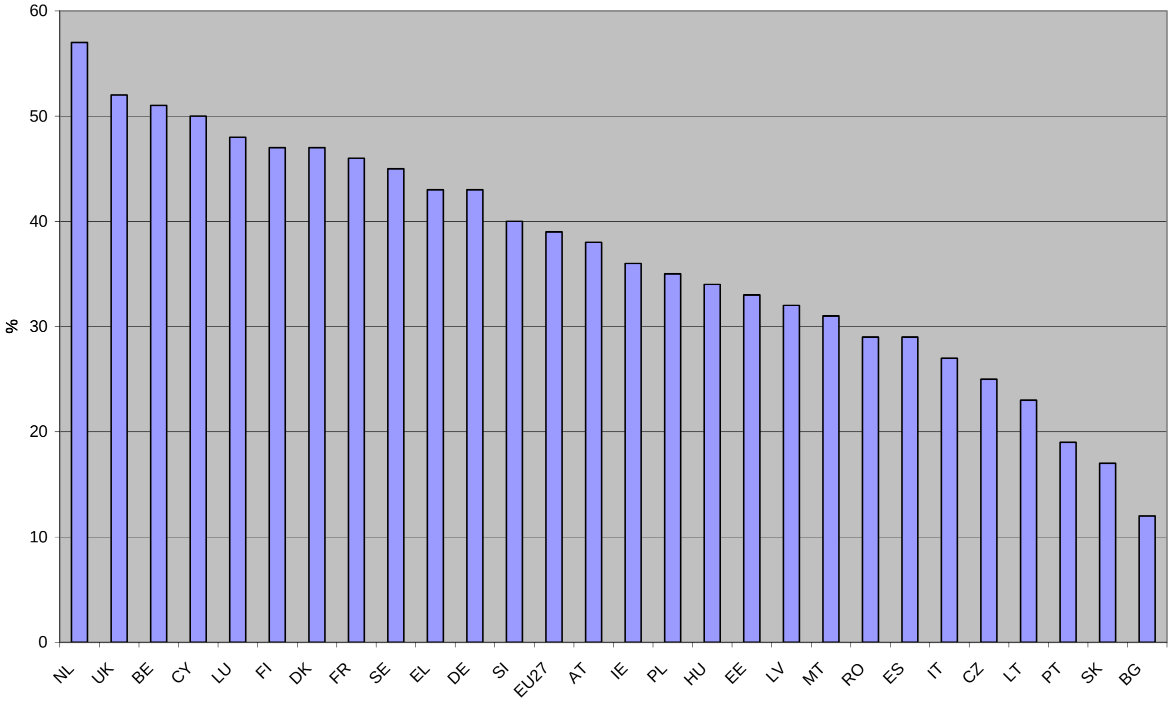


Note: **EC 298 QU14:** What did you do when your complaint(s) was (were) not dealt with in a satisfactory manner? (MULTIPLE ANSWERS POSSIBLE)

Alternative Dispute Resolution (ADR) schemes, also known as 'out-of-court-mechanisms', can facilitate business to consumer transactions. Many such mechanisms have been developed across Europe to help citizens engaged in a consumer dispute who have been unable to reach an agreement directly with the trader. ADR schemes usually use a third party such as an arbitrator, mediator or an ombudsman to help the consumer and the trader to reach a solution.

39% of Europeans consider it easy to resolve disputes with sellers/providers through an arbitration, mediation or conciliation body (figure 19). Bulgarians (12%), Slovaks (17%) and the Portuguese (19%) are the most pessimistic on this point. People in the Netherlands (57%), the UK (52%) and Belgium (51%) are more positive than the European average. 41% believe that resolving disputes in this way is not easy.

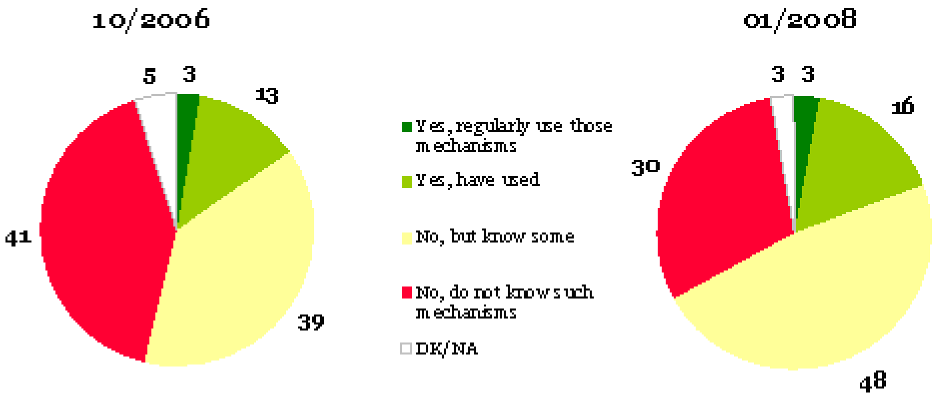
Figure 19: Consumers' answers: Consumer support and consumer protection



Note: **EB 298 QC19:** For each of the following statements, please tell me if you agree or disagree with it. In (COUNTRY) … % Agree
NB: The scale of the graph has been altered to better reflect the differences at country level.

Despite the relatively large proportion of consumers that think that solving disputes by ADR is easy, just 3% of consumers who were dissatisfied with the treatment of a complaint have taken such action (figure 18). It is therefore unsurprising that a relatively large proportion of retailers, 30%, are not aware of ADR, and that just 19% have used these mechanisms (figure 20). Awareness of ADR among retailers has however increased significantly since 2006, when 41% of retailers were not aware of such mechanisms. The use of ADR has also increased, from 16% to 19%, since 2006.

Figure 20: Retailers' responses: Use of ADR



Note: **EB 224 QU16(2008)/Q19(2006).** I will now ask you about disputes with consumers in (COUNTRY), and regardless of whether it is a cross-border or a normal sales situation. Have you already used Alternative Dispute Resolution (ADR) mechanisms (i.e. arbitrators, ombudsmen, conciliation bodies) to settle disputes with consumers?
Base: all respondents, % by EU27 in 2008 and EU25 in 2006

4.3 Measures to facilitate cross-border retail sales purchases

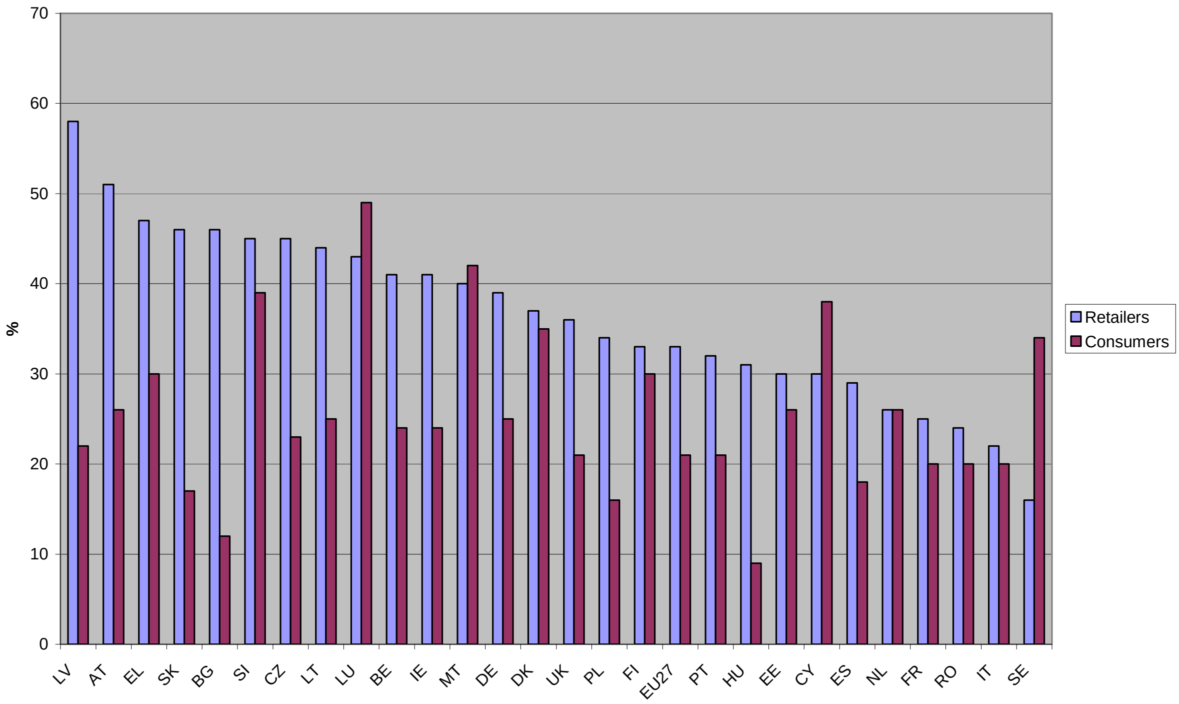
Figure 21 below demonstrates that in the EU, retailers are better informed about where to get information on cross-border issues than consumers. 33% of retailers say they know where they can get relevant information about regulation on consumer protection in other EU countries. 21% of consumers say they know where to get information and advice about cross-border shopping.

This pattern is particularly pronounced in Latvia, where 58% of retailers but just 22% of consumers know where to get information on cross-border shopping/selling issues. By contrast in Luxembourg (where both consumers and retailers tend to know where to get information), Malta, Cyprus and Sweden, more consumers know where to find this information than retailers.

Overall, in the majority of member states, between 50 and 25% of retailers and consumers know where to get information on cross-border trade. In Luxembourg, the best-informed about cross-border sales and purchases overall, less than 50% of both retailers and consumers know where to get this information.

The correlation between the percentage of consumers that know where to get information on cross-border purchases and the percentage that have made a cross-border purchase is relatively high, at 0.7. While this is to be expected as those that make cross-border purchases are more likely to be informed about cross-border issues, it is likely that making such information more accessible could encourage more cross-border activity.

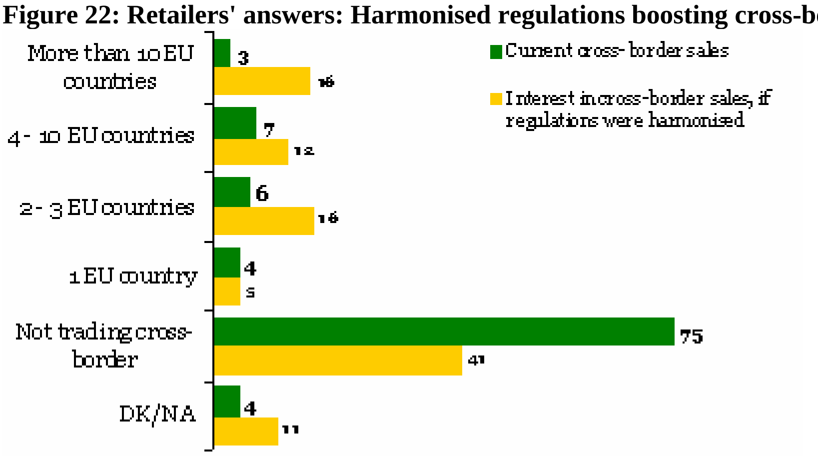
Figure 21: Consumers' and retailers' answers: Knowledge of where to get information on cross-border sales/purchases - Yes



Note**: Consumers - EB 298 QC15:** Thinking generally about purchasing goods or services from sellers/providers located elsewhere in the European Union, please tell me to what extent you agree or disagree with each of the following statements: You know where to get information and advice about cross-border shopping - % EU27
Retailers – EB 224 Q14: Do you know where you can find relevant information about regulation on consumer protection in other EU countries? Yes.
Base: all respondents, % by country
NB: The scale of the graph has been altered to better reflect the differences at country level.

Figure 22 below demonstrates the impact that the harmonisation of laws regulating transactions with consumers across the EU could have on cross-border activity. Currently, 75% of retailers are not trading cross-border. However, just 41% would not have an interest in selling cross-border if regulations were harmonised. 16% would be interested in selling to more than ten EU countries, compared with the 3% who are currently doing so. In other words, harmonised regulation has the potential to significantly increase cross-border activity.

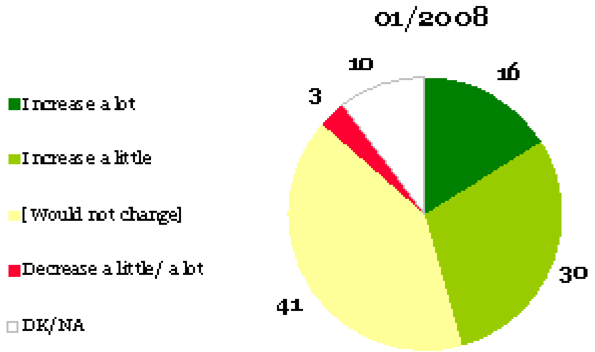
Figure 22: Retailers' answers: Harmonised regulations boosting cross-border activity (1)



Retailers – EB 224 Q5: To how many EU countries do you currently make cross-border sales to final consumers?
Q13: If the provisions of the laws regulating transaction with consumers were the same throughout the 27 member states of the EU how many EU countries would you be interested in making cross-border sales to final consumers?

46% of retailers say that harmonisation would increase the proportion of their cross-border sales (figure 23) and retailers' views on this issue have become more positive since 2002. In 2002, as in 2008, 46% of retailers said that harmonisation would increase their proportion of cross-border sales, as in 2008. However, 16% now say that cross-border sales would increase a lot, compared with just 9% in 2002.

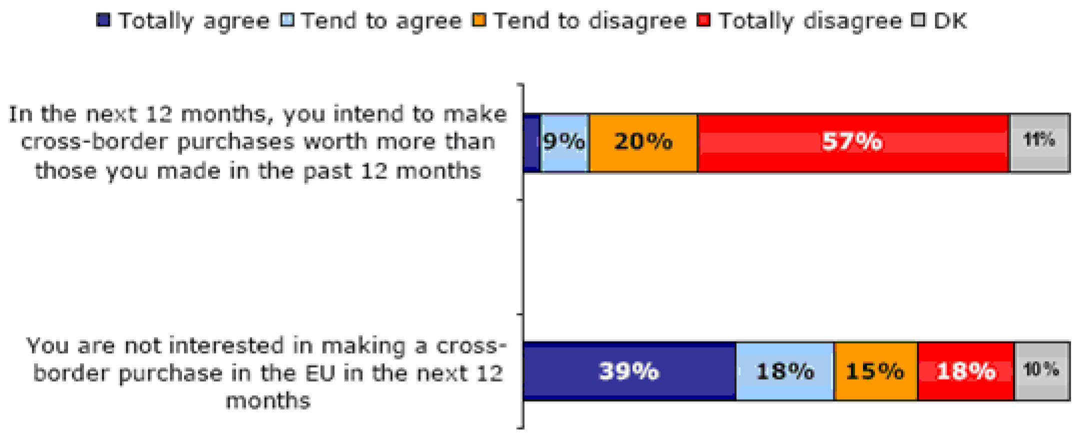
Figure 23: Retailers' answers: Harmonised regulations boosting cross-border activity (2)



Retailers – EB 224 Q12. If the provisions of the laws regulating transactions with consumers were the same throughout the 27 member states of the EU do you thing that the level of your cross-border sales would …

Willingness to shop cross-border is limited in EU consumers. 57% of consumers say that they are not interested in making a cross-border purchase in the next 12 months (figure 24). Harmonisation of consumer regulations is clearly an option which would encourage more retailers to sell cross-border, and a key challenge lies in how to encourage more consumers to buy cross-border. However, a certain proportion of consumers who currently do not shop cross-border seem likely to do so in the near future. Figure 25 indicates that 33% are considering making a cross-border purchase in the next 12 months, which is significantly higher than the 25% that have done so in the last 12 months.

Figure 24: Consumers' answers: Intentions with regard to cross-border purchases



Note: **EB 298 QC15:** Thinking generally about purchasing goods or services from sellers/providers located elsewhere in the European Union, please tell me to what extent you agree or disagree with each of the following statements. % EU27

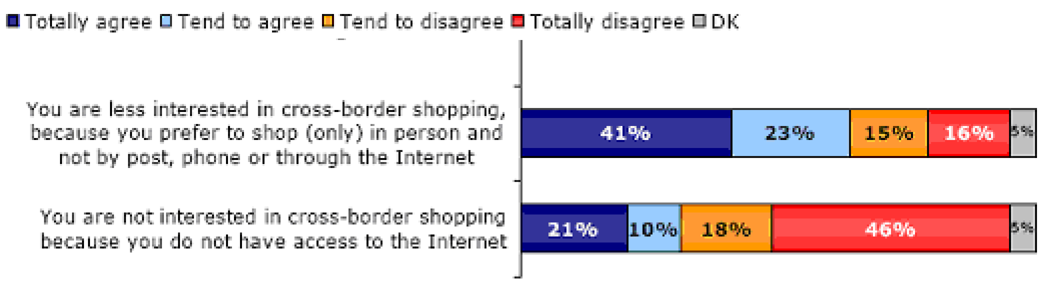
In the next 12 months, you intend to make cross-border purchases worth more than those you made in the past 12 months

% - agree	In the next 12 months, you intend to make cross-border purchases worth more than those you made in the past 12 months	Diff. EB69.1-EB65.1
EU27	**12%**	**-1**
MT	24%	+12
CY	18%	+11
SI	24%	+9
EL	16%	+8
LU	27%	+7
LV	18%	+5
EE	16%	+2
SE	23%	+2
CZ	12%	0
NL	14%	0
AT	21%	0
IE	17%	-1
BE	18%	-1
PL	10%	-1
SK	12%	-1
ES	13%	-2
PT	11%	-2
UK	15%	-2
DE	6%	-3
LT	9%	-4
DK	19%	-5
FR	9%	-5
IT	11%	-5
HU	5%	-8
FI	15%	-10

The stable situation at EU level conceals some differences between the Member States. Significantly more Maltese and Cypriots now say that they intend to spend more on cross-border purchases in the coming year than they did in the 12 months prior to this survey. A strong reverse trend is observed in Finland and Hungary.

Increased access to the internet may be one way of responding to this challenge: 31% of consumers say they are not interested in cross-border shopping because they do not have access to the internet (figure 25). Meanwhile, 64% of consumers say that they are less interested in cross-border shopping because they prefer to shop in person, so in order to increase interest in cross-border shopping, steps must be taken in order to make this more appealing to consumers.

Figure 25: Consumers' answers: Reasons for not shopping cross-border

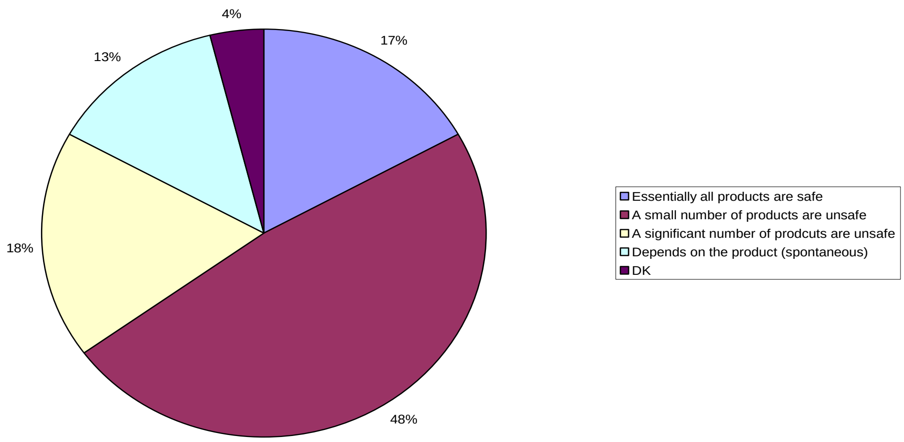


Note: **EB 298 QC15:** Thinking generally about purchasing goods or services from sellers/providers located elsewhere in the European Union, please tell me to what extent you agree or disagree with each of the following statements - % EU27

4.4 Product safety

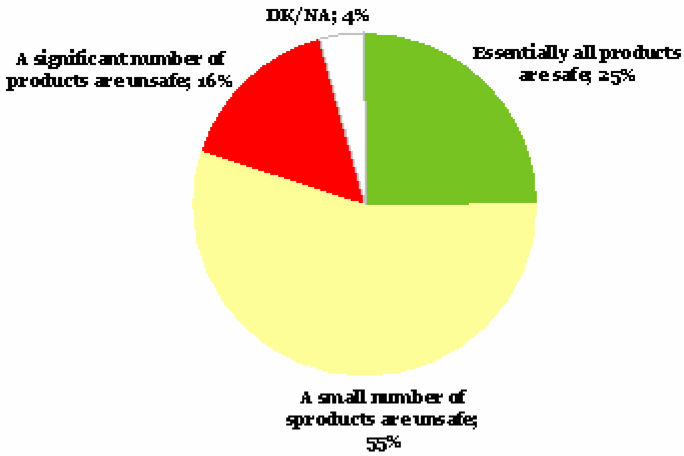
Figures 27 and 28 below show how safe consumers and retailers perceive non-food products in their markets to be. The results are largely similar for the two groups. 17% of consumers and 25% of retailers think that essentially, all products are safe. 48% of consumers and 55% of retailers think that a small number of products are unsafe. 18% of consumers think that a significant number of products are unsafe, while this is the case for 16% if retailers.

Figure 27: Consumers' responses: Product safety



Note: **EB 298 QC27:** Thinking about all non-food products currently on the market in (YOUR COUNTRY), do you personally think that…?

Figure 28: Retailers' responses: Safety of non-food products currently marketed in (COUNTRY)

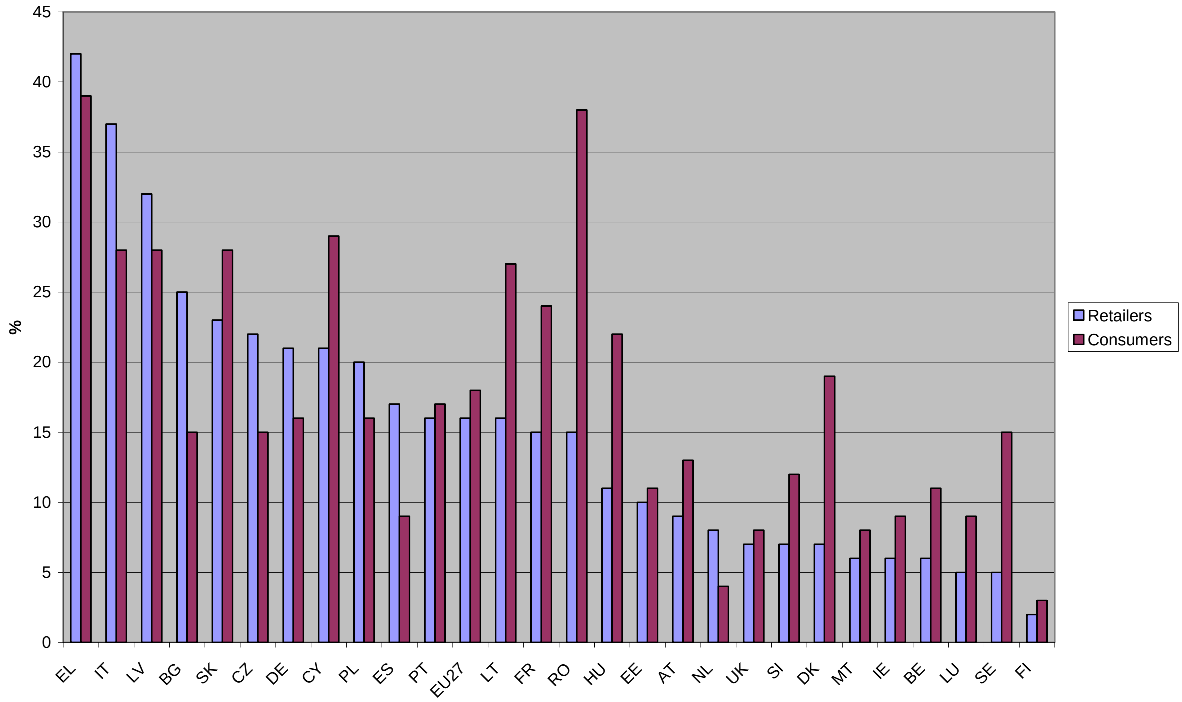


Note: **EB 224 Q20:** Considering all non-food products currently marketed in (COUNTRY), do you personally think that…?
Base: all respondents, % EU27

Figure 29 below shows the huge international variation in the perceptions of product safety among consumers and retailers. In Greece, a significant proportion of consumers and retailers alike believe that a significant number of products in their home market are unsafe – 39% and 42% respectively. By contrast, based on how many people think that a significant number of products are unsafe, Finland is the country with the most positive perceptions of product safety. Just 3% of Finnish consumers think that a significant number of products are unsafe, along with 2% of retailers.

Indeed, where consumer perceptions of product safety are positive, retailer perceptions also tend to be. Thus the correlation between the percentage of consumers that think a significant number or products are unsafe and retailers that think this is 0.7. An obvious exception is Romania, where 38% of consumers think that a significant number of products are unsafe, while just 15% of retailers are of this opinion.

Figure 29: Retailers' and consumers' answers: Product safety



Note: **Retailers: EB 224 Q20:** Considering all non-food products currently marketed in (COUNTRY), do you personally think that…? A significant number of products are unsafe.
Base: all respondents, % EU27
Consumers: EB 298 QC27: Thinking about all non-food products currently on the market in (YOUR COUNTRY), do you personally think that a significant number of products are unsafe?

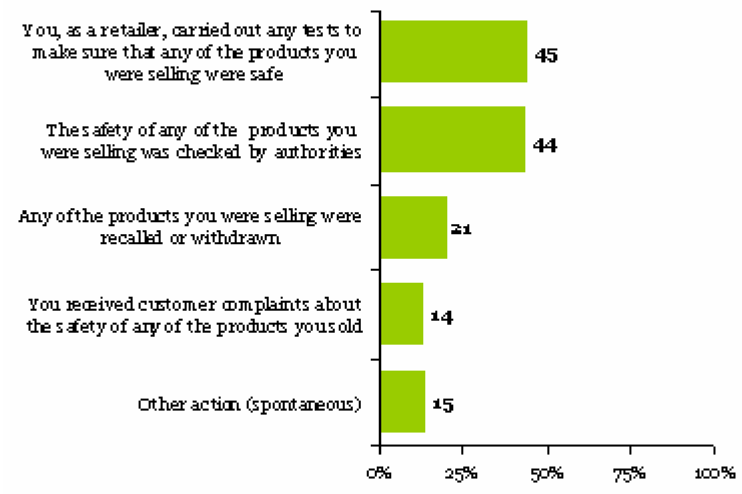
45% of retailers have carried out tests to make sure the products they were selling were safe (figure 30). 44% of retailers say that the safety of any of their products was checked by authorities.

The overwhelming perception of both consumers and retailers that a small number of products are unsafe is in line with the proportion of retailers that have had their products recalled or withdrawn, and those who have had complaints about the safety of any other the products they sold: 21% and 14% respectively.

Similarly, while 75% of EU27 consumers have heard of non-food products being recalled from the market, just 10% have been personally affected by such a product recall.

Generally then, most people perceive most products on the market to safe, and based on the frequency of product recalls, this appears to be the case.

Figure 30: Retailers' responses: Events in relation to product safety



Note: **EB 224 Q19:** In relation to product safety, did any of the following take place at your firm in the last 12 months?
Base: all respondents, % by EU27

5 Conclusion

The picture of cross-border trade is mixed. Whilst e-commerce is becoming more widespread – the cross-border part is not developing as quickly at the domestic side. On the whole 25% of consumers have made a cross-border purchase in the past year (compared with 26% in 2006); while 75% of retailers sell only to consumers in their own country (this figure was 67% in 2006). While the proportion of consumers shopping cross-border has not changed, average expenditure on cross-border purchases is considerable (€737) and an increasing number of consumers feel confident about shopping cross-border. On the other hand, the proportion of retailers' revenue made up by cross-border sales is more or less unchanged.

33% of consumers have shopped online in the past year, compared with 27% in 2006. The internet is the most popular distance sales channel. The number of consumers that shop cross-border via the internet is up by 6%. This is however not reflected in the figure for cross-border shopping over the internet which is stable (1% higher in 2007). Despite the positive development in e-commerce use by consumers, the proportion of retailers using e-commerce declined between 2006 and 2008, from 57% to 51%.

Harmonised regulation across the EU is one way to encourage retailers to sell cross-border. If this were put in place, 41% would not sell cross-border, compared with the 75% that currently do not sell cross-border. Furthermore, 33% of consumers say they are considering shopping cross-border in the next 12 months, compared with the 25% that are currently doing so. It is clear that there is an opportunity to increase the levels of cross-border trade in the near future.

When shopping online or on trips, the majority of consumers would feel more confident more or equally confident buying from sellers in another EU country compared with a domestic seller. When buying from sales representatives or by phone or post, the majority would feel more confident with a domestic seller. More than four out of ten consumers would be equally or more confident with a seller in another EU country when purchasing over the internet (a figure that have improved by 8% since 2006).

55% of consumers never come across cross-border advertising – again, barely changed since 2006, and 72% of retailers do not advertise to other EU countries – an increase since 2006. With more cross-border advertising, it is likely that retailers could influence consumers and make them buy more cross-border.

A third of consumers are worried about difficulties in resolving complaints or returning products in the cooling off period when shopping cross-border as opposed to in their home country. Retailers have similar worries where cross-border sales are concerned. However, retailers who are already selling cross-border regard these problems as less important than those that are not selling cross-border.

As far as consumer protection is concerned, the main challenge is to ensure that more consumers feel protected and retailers are fully informed about their legal obligations towards consumers. 59% of consumers feel that retailers respect their rights as consumers, while 78% of retailers say they are well or fully informed about their legal obligations.

ADR is currently in limited, though increasing, use. While just 3% of consumers who have made a formal complaint which was not satisfactorily dealt with have used ADR, 19% of retailers have also done so, up from 16% in 2006.

While retailers are relatively well informed about their obligations towards domestic consumers, there appears to be a knowledge gap on both sides of the market in terms of cross-border trade. 33% of retailers and 21% of consumers say they know where to get information on cross-border issues.

In terms of safety of products the results are broadly similar for retailers and consumers – thought the retailers are slightly more optimistic. 17% of consumers and 25% of retailers think that essentially, all products are safe. 48% of consumers and 55% of retailers think that a small number of products are unsafe. 18% of consumers think that a significant number of products are unsafe, while this is the case for 16% if retailers.

It would seem that a considerable group of typically younger, well-educated, people in higher professional positions with internet access at home are engaging in cross-border shopping – particularly over the internet and quite a few (particularly larger) companies are also warming to the idea, but there is still a large middle group (of both companies and consumers) that have not taken the possibilities to heart yet. To release the potential of cross-border shopping in the internal market this large middle group of both consumers and retailers needs to be mobilised. In terms of consumers there seem to be some perspectives in developing the cross-border trade further (indicated by rising confidence and intention to spend more). For companies the legal barriers in terms of the cost of dealing with at number of different consumer protections rules seems to be an issue (indicated by increased interest in cross-border selling if rules were to be harmonised and the perception of these barriers as important).

It is an important task for the European Commission to ensure that consumers and business can freely trade cross-borders - if they wish to do so. Ensuring the successful completion of this task is vital for at well functioning internal market.

Finally is should be noted that internal market integration is achieved in more way's than by direct cross-border transactions between consumers and businesses – which is the topic for the two reports summarised here. The opportunity for consumer to buy products in their own country from other European countries through integration of the business-to-business markets is vital and play's a central role in achieving the goal of a single internal market in Europe.