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Consumers: 60% of cross border internet shopping orders are refused, says new EU study

There are widespread problems with refusals of orders for EU consumers trying to purchase goods online in another Member state, according to a new European Commission report on cross border consumer e-commerce published today. An extensive independent mystery shopping exercise was carried out for the Commission where shoppers across the EU tried to purchase a list of 100 popular products –for example cameras, CDs, books, clothes - from a cross border provider. Over 11,000 test orders were carried out. The research found that 60% of cross border transactions could not be completed by consumers because the trader did not ship the product to their country or did not offer adequate means for cross border payment. Latvia, Belgium, Romania and Bulgaria are the countries where consumers are least able to buy cross border (for full list of EU-27 countries ranked see MEMO/09/475). But in all but two countries the odds of succeeding in a cross border purchase are lower than 50%. The foregone benefits to citizens are also very clear. In more than half of Member States, 50% or more of the products could be found 10% cheaper (transport costs included) from a website in another country. And 50% of products searched could not be found in national sites and were only offered by another Member State trader. The Communication presents a series of measures to be taken to reduce the complex regulatory environment which is acting as a disincentive for businesses to serve consumers in other Member States. In addition and to boost confidence in online trading, the problems regarding the collection of commercial data and its use to profile and target consumers will be analyzed in a stakeholders forum.

Commissioner Kuneva said: "The results of this research are very striking, we now have concrete facts and figures showing the extent to which the European single market for consumers is just not happening in online retail. Better deals and greater product choice for consumers on our vast European market could be just a click of a mouse away. But in reality online shoppers are still largely confined within national borders. Europe's consumers are being denied better choice and value for money. They deserve better. We must simplify the legal maze that is preventing online traders from offering their goods in other countries".

"Achieving a Digital Single Market is a top priority for Europe", said Viviane Reding, EU Commissioner for Information Society and Media. "We won't have a real Digital Economy until we remove all barriers to online transactions, also for end-consumers. This must be on top of the list of all policy initiatives to re-launch the single market project."

The e-commerce market

The European e-commerce market was estimated to be worth 106 billion euros in 2006. The internet is the **fastest growing retail channel**. In 2008, 51% of EU retailers sold online.

But **the gap between domestic and cross-border e-commerce is widening** as a result of barriers to online trade. While the share of EU consumers who shop online grew from 27% to 33% in two years (2006-08), the share of those who bought anything online from another EU country was stagnant (6% to 7%). And only 21% of traders currently sell at a distance across borders.

Yet **the potential is clearly there**. One third of EU consumers say that they would consider shopping online from another EU country if the product was cheaper or better, and a third are willing to buy in another language. 59% of retailers are prepared to trade in more than one language.

The mystery shopping: findings

An online test conducted on behalf of the European Commission set out to check the opportunities and barriers for consumers shopping online across borders in the EU by going through the shopping process. Testers in all EU countries searched for **100 popular products** (ranging from CDs, to computers, digital cameras and washing machines) on the internet, checking **what savings** can be made when buying across borders and **how difficult it is to buy online from another EU country**. In total, close to 11,000 test transactions were carried out. The main findings are:

- **Substantial savings for consumers are possible.** In 13 countries out of 27 and for at least half of all product searches, consumers were able to find an offer in another EU country which was **at least 10% cheaper** than the best domestic offer (all costs, such as delivery to the consumer's country, included).
- **Access to products which are unavailable at home.** Shoppers in 13 EU countries could not find domestic online offers for at least 50% of the products which they searched for, but found them in another EU country.
- **Most orders fail.** On average, 61% orders placed online in another EU country failed, mainly because the trader refused to serve the consumer's country of residence or did not offer adequate means of cross border payment.

The barriers to e-commerce

The communication published today presents a strategy for tackling the barriers to cross-border online trade. Some of the priority areas for action are:

- **Create a simple, single set of rights for EU consumers.** The proposal for the Consumer Rights Directive aims to replace the current confusing patchwork of laws with one simple EU-wide set of rights, offering equal protection to consumers while reducing compliance costs for retailers and offering them legal clarity.
- **Boost cross-border enforcement.** Coordinated EU-led action to enforce consumer law (such as "Internet sweeps") should continue, to stamp out illegal practices and boost consumer confidence in cross-border shopping.
- **Simplify cross-border rules for retailers,** e.g. on value-added tax, recycling fees and copyright levies. Currently some retailers must deal with several tax authorities, face different national rules on recycling electronic waste, and may end up paying copyright levies in several countries for the same goods. The Commission's proposals address the first two problems. On levies, practical solutions must be found quickly.

More details in: MEMO/09/475

Full text of the communication:
http://ec.europa.eu/consumers/strategy/facts_en.htm#E-commerce

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