



SURVEY ON CONSUMER SATISFACTION WITH THE RETAIL DISTRIBUTION OF GOODS

OVERALL REPORT

BY
IPSOS BELGIUM

for

THE EUROPEAN COMMISSION
Health & Consumer Protection
Directorate - General

June 2009

TABLE OF CONTENTS

Key findings.....	3
Key findings.....	3
Chapter 1 - Introduction.....	4
1. This report.....	4
2. Satisfaction model.....	5
Chapter 2 – Evaluation of the product markets	8
1. Overall satisfaction with the retailer	8
2. Satisfaction with price/quality, service, trust and market factors.....	10
2.1 SATISFACTION WITH PRICE/QUALITY	10
2.2 SATISFACTION WITH the quality of service.....	12
2.3 SATISFACTION WITH consumer protection	14
2.4 SATISFACTION WITH MARKET FACTORS	16
When looking at the sub-variables of the dimension of market factors, the following observations can be made:	17
NEGATIVE EXPERIENCES	18
The following observations can be made based on the country results:	19
3. Summary of evaluation.....	20
Chapter 3 – Satisfaction model.....	21
1. Drivers of market satisfaction	21
When looking at the other side of the model, we see that:.....	22
2. Priority policy areas.....	23
Chapter 4 – Alternative purchase channels	25
1. The Internet	25
1.1 Purchasing via the internet.....	25
1.2 Price comparison in the internet.....	27
1.3 Potential of internet PURchases	28
2. Cross-border shopping	29
Chapter 5 – Conclusions	31
Technical Note.....	33
Chapter 5 – Conclusions	31

Key findings

1. **European consumers are satisfied with the performance of their markets:** it is easy and safe to shop in Europe with a wide enough range of retailers and products available.
2. The high level of overall satisfaction is also reflected in the fact that the vast majority of European **consumers do not report that they have experienced problems** when purchasing products (varying between 16% for new motor vehicles and 3% for non-alcoholic beverages).
3. It can be said that Europeans are **relatively dissatisfied when it comes to the dimension of price/quality while they embrace the quality of service**. At the same time, they, however, are likely to place more importance on the aspects of service than on price issues which tend to make service as the focal point of the European markets.
4. No market seems to be performing significantly worse or better than the other. It however is the case that **the market for fruit and vegetables receives the lowest satisfaction ratings on all dimensions**.
5. Another interesting observation can be made concerning the consumers in the new Member States and in the EU15. **While consumers in the new Member States are generally more satisfied with their markets, they also are less committed to their retailer and more open for 'alternatives'**.
6. **On-line shopping is a relevant purchase channel in a number of markets:** ICT equipment, household electrical equipment, entertainment and leisure goods, clothing and footwear as well as – to a certain extent – new motor vehicles.
7. **Cross-border shopping is considered as an alternative purchase channel by a relatively high proportion of European consumers**.
8. Based on the findings of the satisfaction model, it can be said that **the main drivers of European markets are quality of service and trust to the market**, but none of the markets are predominantly driven by one factor. A high level of satisfaction tends to imply commitment to the retailer but, at the same time, **being satisfied does not strongly predict consumers' likelihood to file complaints**.
9. **European markets tend to excel in quality of service, particularly in terms of opening hours and ease of purchase**.
10. However **the main areas of improvement are also related to the quality of service, namely to the skills and professionalism of staff, timely and accurate delivery as well as to aspects of consumer protection** (advertising, protection of privacy as well as clear and fair contract terms).

Chapter 1 - Introduction

1. This report

This summary report presents the main findings of the Consumer Satisfaction Survey with Retail Distribution of Goods commissioned by DG SANCO. The survey was carried out in the 27 EU Member States. General population aged 18+ was interviewed face-to-face in their respective national languages in autumn 2008¹.

The survey covered eight retail markets:

- Fresh fruit and vegetables
- Non-alcoholic beverages
- Meat
- Clothing and footwear
- Information and communication equipment (e.g. computers, phones, etc.)
- Household electrical equipment (e.g. fridges, washing machines, etc.)
- Entertainment and leisure goods (e.g. TVs, radio/hi-fi systems, MP3 players games, etc.)
- New motor vehicles

For each market, the survey measured consumers' **overall satisfaction** with the retailer. Furthermore, the performance of these markets was evaluated on four dimensions: **price/quality**, **service**, **trust** and **market factors**. For each of these dimensions, an indicator measuring overall satisfaction as well as a set of sub-indicators were introduced.

In this report we present² firstly:

- cross-market results for overall satisfaction with the retailer;
- consumers' evaluation on the four dimensions described above across markets;
- consumers' negative experiences which can be seen as an additional indicator of performance.

This analysis offers **an overview of the markets' performance in the EU as well as serves as a framework for comparing them**.

Secondly, by using a model exclusively developed for this survey, we examine which are the main drivers of satisfaction of each market and what are the strengths and the areas of development for them. This allows the reader further **understand the factors underlying consumers' satisfaction** and gives an **insight to which policy areas could be improved in order to strengthen consumer satisfaction**.

Finally, we **focus briefly on distance and cross-border shopping aspects** of these markets in order to describe the present situation and the potential of these distribution channels.

¹ A detailed description of the survey methodology is annexed to the end of this report.

² Due to the rounding of figures as well as to the non-appearance of DK rates in the graph, individual bars may differ up to +/- 1 points from 100%.

The main focus of analysis is at the EU level and the reader is therefore invited to keep in mind that these overall results conceal considerable variations between the individual Member States and product markets. **Product market reports** present the results for each of the eight markets at EU level and at country level. Also, additional results by distribution channel and by socio-demographic variables are shown when applicable. **Country reports** show results of individual countries in comparison to the results at the EU level. These more detailed reports by sector and by country as well as the full result tables are available at: http://ec.europa.eu/consumers/strategy/cons_satisfaction_en.htm

It is important for readers to note that the figures in this report (as well as the country and product market reports) reflect **perceptions of consumers** with experience in the relevant markets. They do not represent objective data measuring conditions in the markets which may differ from the perceptions of consumers.

Consumer **expectations** obviously also play a role for the satisfaction, i.e. consumers tend to evaluate their level of satisfaction against their expectations. Therefore, in this survey, it can be presumed that consumers' expectations are an inherent part of their perceptions of the markets. Thus, a high level of dissatisfaction in a country or with a market does not in itself prove that consumer conditions are bad in this country or market. It does however show that consumers think that the market is not functioning well – which is a good indication that this may be the case. The value of consumer perceptions such as those measured in this survey is shown by the fact that the market operators commission and use similar research.

2. Satisfaction model

Before moving on to the analysis, it is useful to have a brief look at the construction of the model that was used in the analysis in order to fully understand the results presented later on in this report.

The satisfaction model was developed in order to be able to measure and explain consumer satisfaction in product markets. Its aim is to reveal **the variables that contribute most to consumers' satisfaction**. Furthermore, it helps us to **identify the strengths and weaknesses of a market** and, thus, offers guidance for policy making and policy actions.

In general, consumer satisfaction results from this survey (and the model used for the analysis), are taken as an overall evaluation of consumption experiences. There are a number of variables representing these experiences that explain to various degrees the level of satisfaction and a number of variables that may vary as a consequence of it. These two groups of variables are called **explanatory variables** and **consequent variables**. In this model, the following sets of variables were used³:

EXPLANATORY VARIABLES

- Price/quality
- Service
- Trust

CONSEQUENT VARIABLES

- Commitment

³ Each of these variables includes a set of sub-variables.

- Complaints

Originally, the model also foresaw taking into account the possible impact of cultural contexts as well as the fourth dimension, market factors. **The impact of country specific factors** was measured by using an indicator for consumers' satisfaction with their life in general⁴ and with the economic situation in their countries⁵ which are well known to sometimes have an impact on their opinions in other respects. In this case, however, the influence of these country-specific factors was negligible or only marginal and it was therefore left out of the model. This reinforces the underlying value of the research in identifying real sector specific issues, rather than reflecting general concerns. However, when relevant for the sector, the impact of life satisfaction is mentioned in this report.

Concerning **the dimension of market factors**, it was discovered that this dimension was highly interconnected with the other dimensions. In order to be able to assess the individual impact of the three other dimensions with a simple model, the dimension of market factors was therefore excluded from the model.

The model was used to derive analysis in two steps:

1. Firstly, it was used to define **which variables drive the market satisfaction**, i.e. whether price/quality, service or trust in the market has the strongest impact on consumers' overall satisfaction. On the other side, it was also defined **to what extent the level of satisfaction predicts consumers' commitment⁶ to the market and their likelihood to file complaints**.

This contribution of variables was calculated by using regression analysis. It defines the weight between 0 and 1 for each individual variable. The closer the weight is to 1, the stronger is its contribution to the level of overall satisfaction.

For example, if the regression coefficients are the following: 0.4 (price), 0.35 (service) and 0.25 (trust). This means that price is the variable that contributes to satisfaction most, i.e. this is the most important element for consumers when evaluating a product market.

2. Secondly, the model was used for a two-dimensional analysis which aims at defining **where the market is performing well, which are the main areas of improvement and where further actions are not needed at present**. This was done by crossing the average satisfaction score (%) for each variable by its contribution (regression weight⁷) to overall satisfaction, i.e. importance, that is derived from the first step of analysis.

⁴ On the whole are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the life you lead?

⁵ On the whole how satisfied are you with the present state of the economy in (COUNTRY)?

⁶ In this context "commitment" means the likelihood that the consumer would buy the mentioned good at the same retailer again.

⁷ By this we mean the regression coefficient between a dimension and the overall satisfaction.

The two-dimensional analysis is presented in a fourfold table as follows:

Average Satisfaction⁸: xx%

Importance +			
Satisfaction -	<u>Priority actions</u>	<u>Ideal situation</u>	Satisfaction +
	<p>Variables with below average satisfaction and a high importance (regression weight); i.e. consumers are not happy with the performance of the market regarding these variables and consider them important.</p> <p>Policy areas where action will have the greatest effect on overall consumer satisfaction.</p>	<p>Variables with above average satisfaction and high importance; i.e. consumers consider these areas to be important and the market is at the moment satisfying their needs.</p> <p>Policy areas where action will have a relatively small effect on overall satisfaction.</p>	
→			
	<u>Low importance area</u>	<u>Long term actions</u>	
	<p>Variables with below average satisfaction and low importance.</p> <p>Policy areas where action will have a relatively small effect on overall consumer satisfaction.</p> <p>In this particular survey, the position of some variables in this quadrant may reflect consumers' low level of knowledge and awareness of them.</p>	<p>Variables with above average satisfaction and low importance.</p> <p>Policy areas where action could have effect in the long term on overall consumer satisfaction, particularly if the high satisfaction levels are not maintained.</p>	
		Importance -	

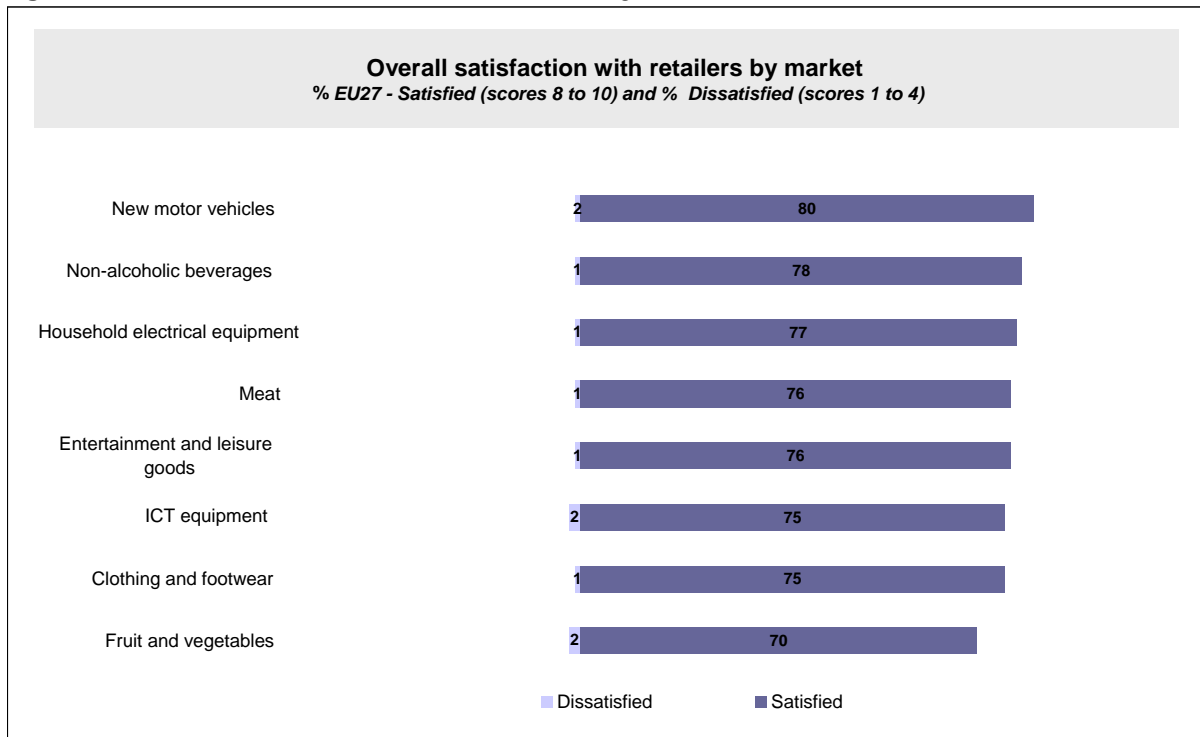
In this report, we will focus on the key drivers of each market and the areas where actions should be taken in priority in order to improve the performance of the market. Differences and similarities between the markets are also pointed out.

⁸ The average satisfaction represents the average proportion of satisfied consumers on all items relating to the 3 drivers of satisfaction i.e. Price, Service and Trust.

Chapter 2 – Evaluation of the product markets

1. Overall satisfaction with the retailer

Figure 1 – Overall satisfaction with retailers by market - % EU27



European consumers are on average highly satisfied with their retailers with 70% or more being satisfied regardless of the market. Highest satisfaction levels are measured for the market for new motor vehicles (80%) while the lowest figure is registered for the market for fresh fruit and vegetables (70%).

Behind these average figures, some differences can be observed between groups of countries as well as between individual Member States:

- **For each market in every country, the absolute majority of consumers say they are overall satisfied with the retailer** which confirms the broadly positive evaluation of the product markets within the EU. Any differences between countries are largely due to the proportion of consumer taking a neutral stance (scores 5-7) rather than to the number of dissatisfied consumers.
- **Satisfaction levels tend to be higher in the 12 new Member States** than in the EU15 countries with the exception of the market for clothing and footwear. This is the case particularly for household electrical equipment (82% vs. 76%), fresh fruit and vegetables (76% vs. 69%) and ICT equipment (80% vs. 73%);

-
- Consequently, **the proportion of dissatisfied people is, even at its highest, moderate**. It is interesting, however, to note that respondents in Denmark and Slovakia and, to a lesser extent, in Sweden generally hold more critical views than the average European consumer regardless of the market.⁹
 - Socio-demographic analysis shows very marginal differences between the categories. The following weak tendencies can be observed:
 - Women tend to be slightly more satisfied than men;
 - Levels of satisfaction increase with age;
 - Students show the lowest levels of satisfaction.

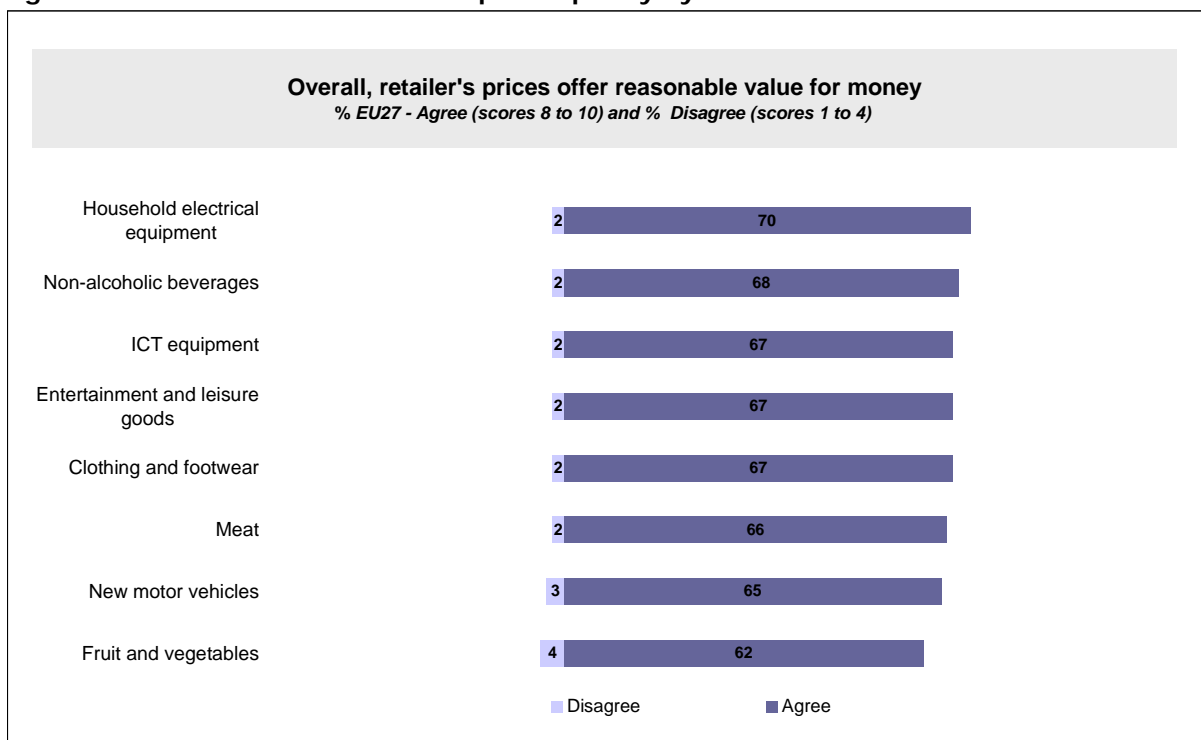
⁹ It should be noted that the effect of the level of awareness and expectations concerning the markets and consumer issues in different Member States is not covered by this survey.

2. Satisfaction with price/quality, service, trust and market factors

Besides the indicator of overall satisfaction, each market was evaluated in four dimensions: price/quality, service, trust and market factors. For each of these dimensions, an overall indicator as well as several sub-indicators were introduced. In the following sub-chapters, we present the results for the four overall indicators across the markets and compare the performance between the markets. We also have a brief look at the sub-indicators of each dimension.

2.1 SATISFACTION WITH PRICE/QUALITY

Figure 2– Overall evaluation of the price/quality by market - % EU27



- In general, **most European consumers think that they get value for their money when purchasing products** regardless of the market. At the highest end, 70% of consumers are satisfied with price/quality of the market for household electrical equipment while the lowest level of satisfaction (62%) is recorded for fruit and vegetables.
- In relation to the other three dimensions under examination here (service, trust, market factors), scores for price/quality tend to be lower than scores for the quality of service and market characteristics, i.e. **consumers are relatively dissatisfied with the price aspect** compared to the other three aspects.
- **Consumers in the newest EU Member States give significantly more positive evaluations** than respondents in the EU15 across the markets. This is particularly the case for the markets for fruit and vegetables (72% vs. 60%), new motor vehicles (74% vs. 64%) and ICT equipment (75% vs. 64%).

- Broadly speaking, it can be said that consumers in Hungary and Romania tend to evaluate price/quality dimension in positive terms across the markets while Spanish and French consumers are considerably less positive their assessments.
- Finally, there are no significant differences between the socio-demographic categories. The only tendency to speak of is that students tend to show lower levels of satisfaction across the markets.

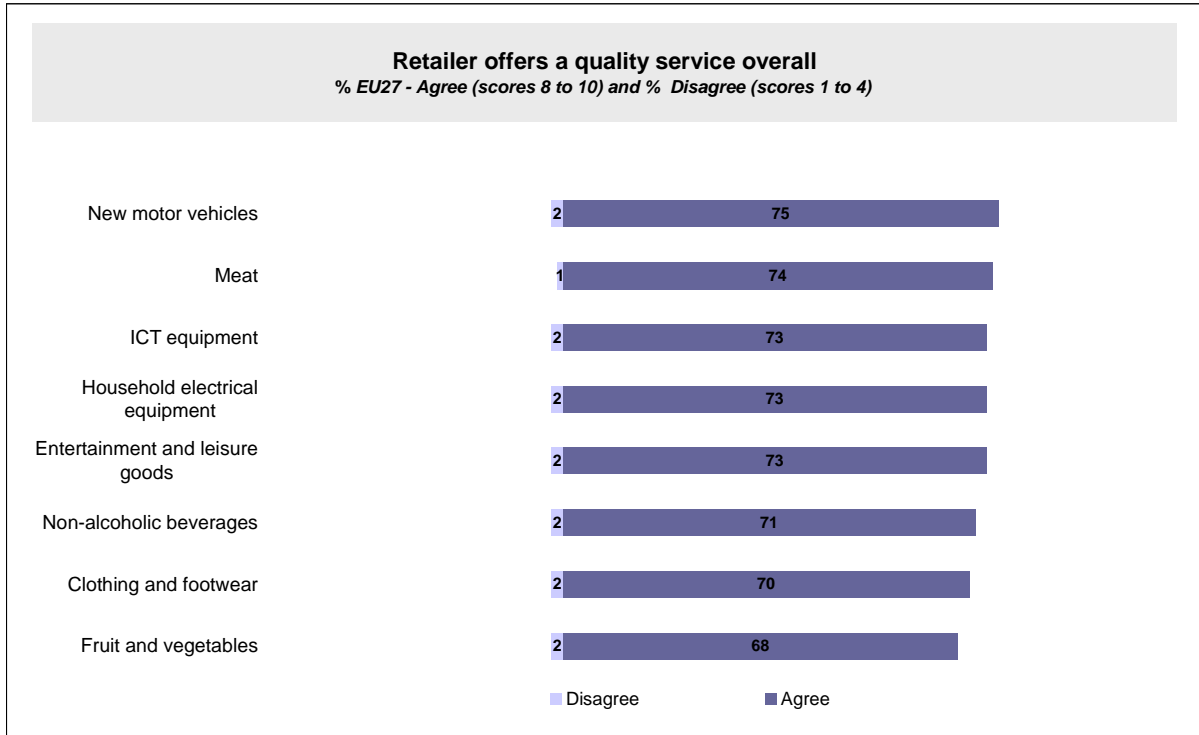
When we look at the sub-indicators of the dimension of price/quality, the following observations can be pointed out:¹⁰

- Across all eight markets, **consumers are particularly satisfied with the secure way of paying**. Next to this, transparency of pricing and safety of products are overall regarded as satisfactory elements of the markets.
- In turn, the **lowest satisfaction levels** across the markets are registered for the sufficient **choice of products that are produced according to certain ethical or environmental standards**. Furthermore, lack of innovation seems to be widespread in the food retail sector, namely in the markets for fruit and vegetables, meat and non-alcoholic beverages. At the same time, for the rest of the markets, affordability receives relatively low satisfaction scores.
- Overall, the level of dissatisfaction remains low across the markets. Notwithstanding, **relatively higher levels of dissatisfaction are expressed concerning the availability of environmentally friendly or ethically produced products across the markets**.
- When looking at the three indicators that are seen in the most positive light, the results are rather homogenous between the individual Member States: the majority of consumers in each country say that they are satisfied with secure payments, transparency and safety across all markets. Proportions of those who are dissatisfied are negligible.
- When focusing on the indicators that receive the lowest scores, French, Danish, Swedish and Luxembourgish respondents express relatively high levels of dissatisfaction whereas consumers in Romania are especially positive.

¹⁰ Indicators for price/quality were: 1. Safety, 2. Environment-friendly products, 3. Innovation, 4. Ethical standards, 5. Reliability, 6. Product labeling, 7. Enough choice of prices, 8. Price comparability, 9. Enough choice of qualities, 10. Quality comparability, 11. Secure payments, 12. Affordability, 13. Transparency.

2.2 SATISFACTION WITH THE QUALITY OF SERVICE

Figure 3 – Overall evaluation of quality of service by market - % EU27



- **Around 7 in 10 or more consumers assess positively the quality of service across the retail sectors.** The market for new motor vehicles receives the highest score (75%) while the lowest score is given to the market for fruit and vegetables.
- In the context of the four dimensions (price/quality, service, trust, market factors), the quality of service receives the highest appreciation in each of the eight markets, i.e. **European consumers are particularly satisfied with the service they get when they purchase products.**
- There are no consistent patterns at country level but it is worth to mention that Danish consumers express above average dissatisfaction regarding the quality of service in the three food retail sectors, namely the markets for non-alcoholic beverages, fruit and vegetables and meat.
- In socio-demographic terms it can be said that women are slightly more likely to be satisfied than men. Moreover, students and those respondents who finished their education at the age of 15 or before tend to express slightly lower levels of satisfaction than their counterparts.

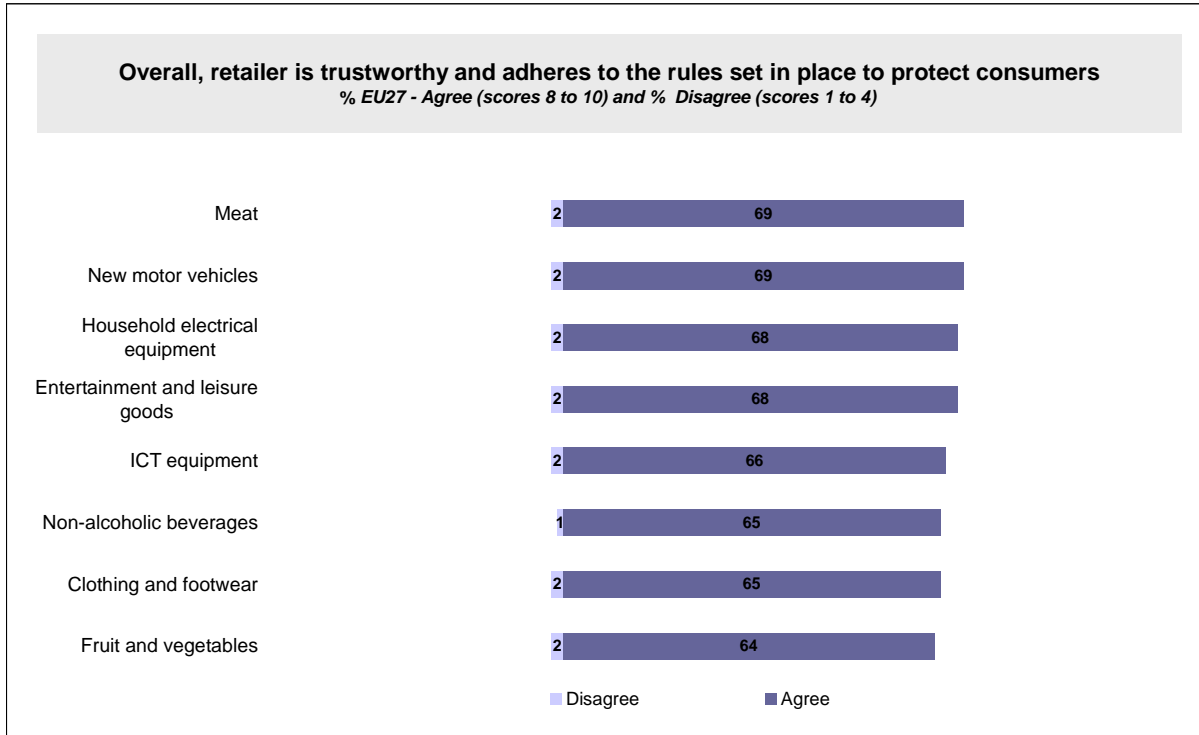
When looking at the sub-indicators of the dimension of the quality of service, the following observations can be pointed out¹¹:

- Indicators that record the highest overall satisfaction are the same across the sectors: **convenient opening hours** and **the ease of purchase**.
- At the same time, **staff** and **delivery fulfillment** receive lower scores across the markets, although the proportions of those who express dissatisfaction remain marginal.
- The market for new motor vehicles is the only exception to this pattern. In fact, here the situation is reversed with staff and delivery fulfillment being the main sources of satisfaction.
- When first looking at the elements that are seen most positively, Irish respondents give the highest scores for the opening hours across all sectors, whereas Danes and Slovaks tend to be the most dissatisfied consumers concerning this indicator. Irish are also relatively more satisfied with the ease of purchase whereas Danes, again, are more likely than the average European consumer to express their dissatisfaction.
- Concerning the staff and delivery fulfillment, some interesting patterns are observed between the old and new Member States. Firstly, consumers in the new Member States are considerably more satisfied with the staff. This is particularly true for the markets for non-alcoholic beverages, fruit and vegetables and household electrical appliances. It is only for the market for clothing and footwear that they show similar or even lower levels of satisfaction than consumers in the EU15 in this respect. Conversely, when looking at delivery fulfillment, it is only consumers in the new Member States that express high levels of dissatisfaction compared to the EU average. Respondents in Latvia and Lithuania are particularly dissatisfied in this respect.
- Finally, it can be observed that Danes tend to be dissatisfied with the staff across the markets, particularly when it comes to product markets of meat and fresh fruit and vegetables.

¹¹ Indicators for service were: 1. Opening hours, 2. Ease of purchase, 3. Staff, 4. Delivery fulfillment, 5. Repairs/mechanics (not asked for food retail and clothes and footwear).

2.3 SATISFACTION WITH CONSUMER PROTECTION

Figure 4 – Overall evaluation of respect of consumer protection rules - % EU27



- **Around two-thirds of European consumers think that retailers are trustworthy and respect consumer protection rules.** There is not much variation between the markets: 69% trust their retailers in the markets for meat and new motor vehicles while, at the bottom of the ranking, 64% are confident of the market for fruit and vegetables in this respect.
- Along with price/quality, this dimension receives the lowest scores among the four dimensions (price/quality, service, trust, market factors). In other words, European consumers are **relatively less satisfied with the way consumer protection rules are applied in these markets** compared to the other three dimensions.
- No significant patterns can be observed between the individual countries. It is worth to point out, however, that Finnish respondents in particular trust that retailers respect the consumer protection rules in the markets for food products, i.e. fruit and vegetables, meat and non-alcoholic beverages.
- A socio-demographic analysis shows only weak tendencies. Women are slightly more likely than men to be satisfied. Furthermore, respondents who finished their education at the age of 15 or before express relatively lower levels of satisfaction than those who spent a longer period in full-time education.

When we look at the sub-indicators of the dimension of trust, the following observations can be made¹²:

- Across the sectors, European consumers seem to be **the most satisfied with the absence of aggressive selling practices and the trustworthiness of staff**. At the same time, it should be noted that aggressive practices also register the highest levels of dissatisfaction in every market which implies that European consumers are likely to be quite segmented in this respect.
- Consumers who purchased via the Internet are likely to be relatively confident about the way they believe their consumer rights would be taken into account during the cooling-off period.¹³
- **The least satisfactory elements tend to be advertising, clear and fair contract terms and the protection of privacy.**¹⁴
- When firstly looking at the indicators that are rated most positively, it is observed that opinions on aggressive practices are strongly divided across countries. While respondents in the new Member States are generally more satisfied with all components of trust, they are significantly less satisfied with aggressive practices than their counterparts in the EU15. Furthermore, while Irish and Cypriot respondents tend to be satisfied in this respect, respondents in the Czech Republic, Italy and Poland express both the lowest levels of satisfaction and the highest levels of dissatisfaction. The dissatisfaction scores are also relatively higher than for the other elements of trust.
- Concerning advertising, respondents in Denmark and Sweden tend to be less satisfied than the average European consumer. When it comes to food retail, Spaniards and Latvians also show lower levels of satisfaction. Significantly higher proportions of dissatisfaction across the sectors are registered in Sweden.
- It is noteworthy that, for the elements of protection of privacy and fair contract terms the scores for dissatisfaction are negligible, although levels of satisfaction between the countries vary to a large extent.
- Finally, when it comes to replacing, repairing or compensating for defective products, it should be noted that Bulgarians trust their retailers significantly less in this respect across the markets than their counterparts in other countries.

¹² Indicators of trust were: 1. Advertising, 2. Protection of privacy, 3. Cooling-off period, 4. Defective good, 5. Aggressive practices, 6. Clear contract terms, 7. Fair contract terms, 8. Trustworthy staff

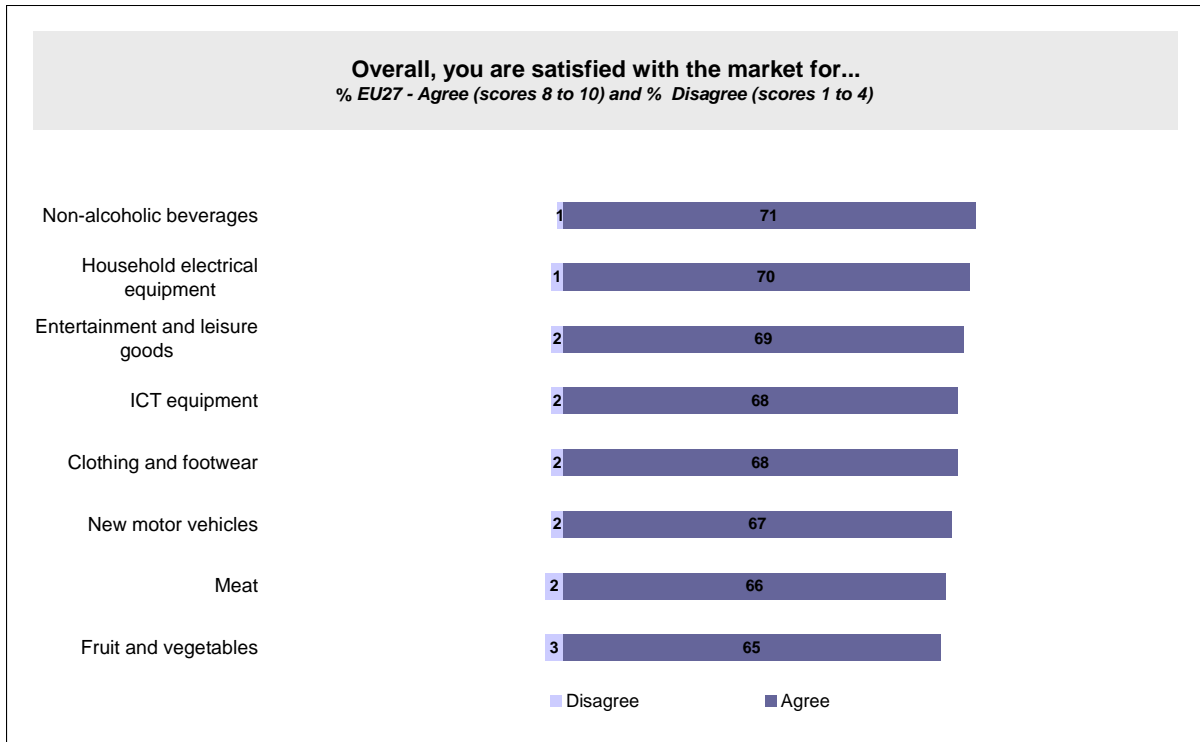
¹³ The question concerning cooling of period is only relevant to distance-selling – see note 13

¹⁴ The following elements were asked only to certain target groups:

- Fair/clear contract terms: entertainment and leisure goods, new motor vehicles, ICT equipment, household electrical equipment
- Defective good: entertainment and leisure goods, new motor vehicles, clothing and footwear, ICT equipment, household electrical equipment
- Cooling-off period: consumers who purchased via the Internet or by phone or mail in the markets for entertainment and leisure goods, new motor vehicles, clothing and footwear, ICT equipment, household electrical equipment

2.4 SATISFACTION WITH MARKET FACTORS

Figure 5 – Overall evaluation of the market factors - % EU27



- **European consumers tend to be satisfied with the market factors regardless of retail sector:** around two-thirds or more evaluate positively each of the markets under examination here. The highest score is given to the market for non-alcoholic beverages while the lowest level of satisfaction is registered for the retail sector of fruit and vegetables.
- Along with the quality of service, consumers are most satisfied with this dimension compared to price/quality and trust. In other words, **these European markets are perceived to be functioning reasonably well in terms of market factors.**
- As seen for all other dimensions, **consumers in the newer member countries express higher levels of satisfaction** for the market factors than respondents in the former EU15, particularly concerning the markets for fruit and vegetables and ICT equipment. Clothing and footwear form an exception to the pattern with similar scores registered in both country groups.
- At country level, there are no distinguishing patterns across the markets. It can be however pointed out that Latvian and Estonian consumers are relatively critical about the market factors of the retail sector for clothes and footwear.
- Differences between socio-demographic categories are marginal. Women tend to be slightly more satisfied than men. At the same time, youngest respondents, students and those who finished their education at the age of 15 or before show slightly lower levels of satisfaction than their counterparts.

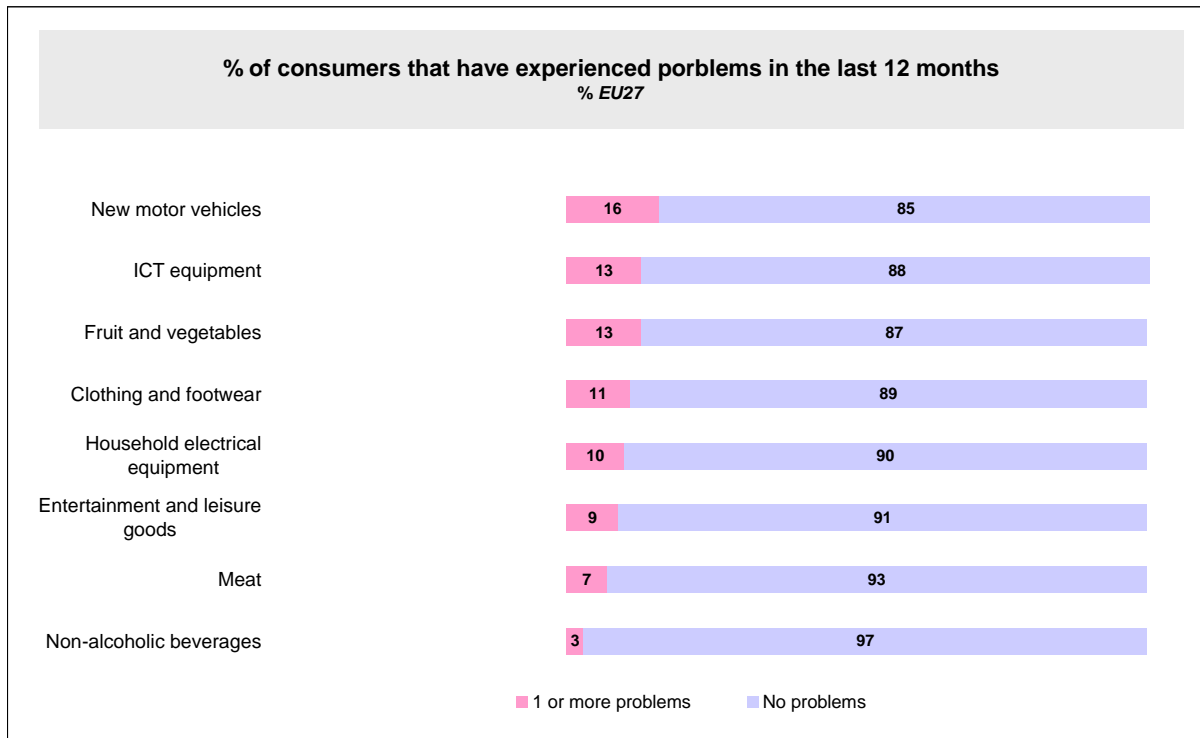
When looking at the sub-variables of the dimension of market factors, the following observations can be made¹⁵:

- Across the markets, European consumers tend to be **most satisfied** with the **competition** situation (i.e. the choice of retailers) and a wide enough **choice of products** in the markets.
- **Lowest satisfaction** levels are recorded for the **trustworthiness of retailers** in the market and the possibility to **compare quality of products** from different retailers. Quality comparability is also the most likely source of dissatisfaction, particularly in the markets for meat and fruit and vegetables.
- Respondents were also asked to give scores on **cross-border quality and price comparability** as well as **whether it is worthwhile to purchase a product cross-border**. Overall, Europeans rated all these elements in more negative than positive terms (**they thought it was difficult to compare quality and price cross-border and they did not find it worthwhile to purchase a product cross border**). The only exception is cross-border price comparability in the market for new motor vehicles where the largest segment of respondents say that it is easy to compare prices from retailers in different countries. Cross-border elements are rated most negatively for the markets of food products whereas the scores for markets for ICT, household and entertainment equipment are relatively more balanced. Elements of cross-border purchasing are further examined in a separate chapter towards the end of this report.
- When first looking at the elements that contribute the most to the feeling of satisfaction, it is observed that Irish, Cypriot and Greek consumers tend to be the most positive in their evaluations when it comes to competition in the markets. Conversely, Italian, Spanish and Latvian respondents are likely to give lower scores in this respect. The highest levels of dissatisfaction are registered in Slovakia.
- Concerning the indicators that received the lowest satisfaction scores Romanians are the most likely to be satisfied with the trustworthiness of staff, followed by Cypriots. In turn, Italians give significantly lower scores for this element across the markets. Slovaks again tend to express higher levels of dissatisfaction across the markets.
- Quality comparability seems to be a cause of dissatisfaction particularly in the three Baltic countries, Estonia, Lithuania and Latvia. In these countries, markets for clothes and footwear, meat and fruit and vegetables record the highest scores of dissatisfaction. At the same time, Irish and Romanians tend to be the most satisfied consumers across the markets in this respect.

¹⁵ 1. Competition, 2. Price comparability, 3. Cross-border price comparability, 4. Quality comparability, 5. Cross-border quality comparability, 6. Cross-border purchasing, 7. Choice, 8. Trust.

NEGATIVE EXPERIENCES

Figure 6 – Overall evaluation of the market factors¹⁶



- **Relatively speaking, European consumers rarely experience problems when purchasing products** with on average 1 in 10 reporting that they have encountered one or more problems in the last 12 months. The incidence rate is the highest in the market for new motor vehicles, followed by markets for ICT equipment and fruit and vegetables. Only 3% of consumers report that they have had problems when purchasing non-alcoholic beverages.
- **Across the markets, the most common reason for experiencing problems is the quality of product.** Besides the quality, types of problems tend to be characteristic to the market. For the markets for food retail, price and the quality of service tend to be issues that cause problems while, concerning markets for any type of electrical appliances as well as for new motor vehicles, problematic issues tend to be related to delivery, repair and claims arising under guarantee.
- None of the socio-demographic groups is significantly more likely to report that they have had problems. Interestingly, however, it can be observed that students, young respondents and those who finished their education at the age of 15 or before tend to be among those who have experienced the least problems in the past 12 months. Since these groups are relatively more critical when they evaluate the performance of the markets, it could be presumed that there is no strong link between experienced problems and satisfaction. This issue is studied in the following chapter concerning the satisfaction model.

The following observations can be made based on the country results¹⁷:

- Danes are the most likely consumers to report that they have encountered a problem. They record the highest incidence rates in the three sectors of food retail as well as in markets for new motor vehicles and ICT equipment. Also Finns and Swedes are relatively more likely to say that they have experienced problems.
- Latvians and Bulgarians are however relatively more likely to report that they have experienced problems in the three food retail sectors. At the same time, the three countries where there are the most consumers who say that encountered problems in the market for clothes and footwear are Bulgaria, the Czech Republic and Slovakia.

¹⁷ Analysis concerning the types of problems as well as whether consumers have addressed a complaint to their retailer is not reliable due to the small bases at country level.

3. Summary of evaluation

The following conclusive statements can be drawn from the analysis presented above:

- In general, European consumers tend to be satisfied with the retail market regardless of the product. They hold the most positive views about the quality of service and the functioning of the market while price issues and the compliance to consumer protection rules receive a relatively lower assessment.
- As the overall evaluation is predominantly positive, there are no significant differences between markets. Some tendencies can be however pointed out:
 - The market for fruit and vegetables records the lowest overall satisfaction as well as the lowest scores in each dimension. The retail sector for clothes and footwear also performs lower than the average on all dimensions.
 - None of the markets has consistently higher scores than the other. The market for new motor vehicles has high scores in the dimensions of the quality of services and consumer protection but is among the lowest when it comes to price/quality and market characteristics. Exactly an opposite pattern is observed for the market for non-alcoholic beverages.
- Looking at the number of experienced problems brings further insights. While overall, the market for new motor vehicles has the highest satisfaction rate, it is also the sector where consumers report to have had the most problems in the last 12 months. Also, around 1 in 10 consumers say that they have experienced problems when purchasing in markets for any type of electrical equipment, clothing and footwear as well as fruit and vegetables.
- Some broad differences are observed across the markets. Respondents in the 12 newest EU Member States are overall more satisfied with their markets regardless of the product and they also report to have experienced fewer problems than consumers in the former EU15. The only exception to this pattern is the retail sector of clothing and footwear with which consumers in the new Member States are relatively less satisfied than those residing in the EU15.
- Socio-demographic differences remain minimal across the dimensions and markets. Women are generally slightly more satisfied whereas students and those who finished their full-time education at the age of 15 or before show relatively lower satisfaction levels (even though these latter groups report that they have experienced fewer problems than the average European consumer).
- Finally, concerning individual country results, a few findings can be pointed out. Overall, Irish and Romanian consumers tend to be more satisfied than the average European consumer whereas Danes and Slovaks tend to express relatively high levels of dissatisfaction.

Chapter 3 – Satisfaction model

1. Drivers of market satisfaction

	PRICE/QUALITY	SERVICE	TRUST
Entertainment and leisure goods	0,19	0,40	0,21
New motor vehicles	0,11	0,40	0,28
Household appliances	0,15	0,35	0,31
ICT equipment	0,15	0,35	0,31
Fruit and vegetables	0,26	0,35	0,18
Non-alcoholic beverages	0,20	0,32	0,29
Clothing and footwear	0,20	0,31	0,30
Meat	0,21	0,30	0,32

The table above presents the regression weights of the three dimensions for each market¹⁸, i.e. the figures show to what extent price/quality, service and trust contribute to overall satisfaction in each market. The following observations can be made based on the results:

- Broadly speaking, the same drivers dominate in each market: **primarily the quality of service, followed by trust to the market**. The impact of price/quality remains modest.
- There are two exceptions to this pattern. Firstly, concerning the market for meat, consumers place the most importance to trust. Secondly, price/quality has more weight than trust in the retail sector of fruit and vegetables.
- Service bears the strongest influence on the markets for entertainment and leisure goods, new motor vehicles, household appliances, ICT equipment and fruit and vegetables.
- Service and trust are equally important in the markets for clothing and footwear and meat.

	COMMITMENT	COMPLAINTS
New motor vehicles	0.50	-0.32
ICT equipment	0.52	-0.27
Household appliances	0.51	-0.24
Meat	0.54	-0.21
Entertainment and leisure goods	0.51	-0.19
Fruit and vegetables	0.46	-0.19
Clothing and footwear	0.50	-0.14
Non-alcoholic beverages	0.52	-0.11

¹⁸ These weights are based on the average of the weights of sub-variables of the three dimensions.

When looking at the other side of the model, we see that:

- **When consumers are overall satisfied with the market, they are relatively likely to remain committed to their retailer.** This is true equally for all markets under examination here, but the link is weaker for the market for fruit and vegetables;
- At the same time, **being satisfied does not strongly predict consumers' likelihood to file complaints.** This link is slightly stronger concerning consumers of the markets for new motor vehicles and ICT equipment, where satisfaction levels tend to, to a larger extent, explain the number of complaints.

In conclusion, it can be said that **none of the markets is predominantly driven by one factor** although the quality of service tends to be the most important component of satisfaction.

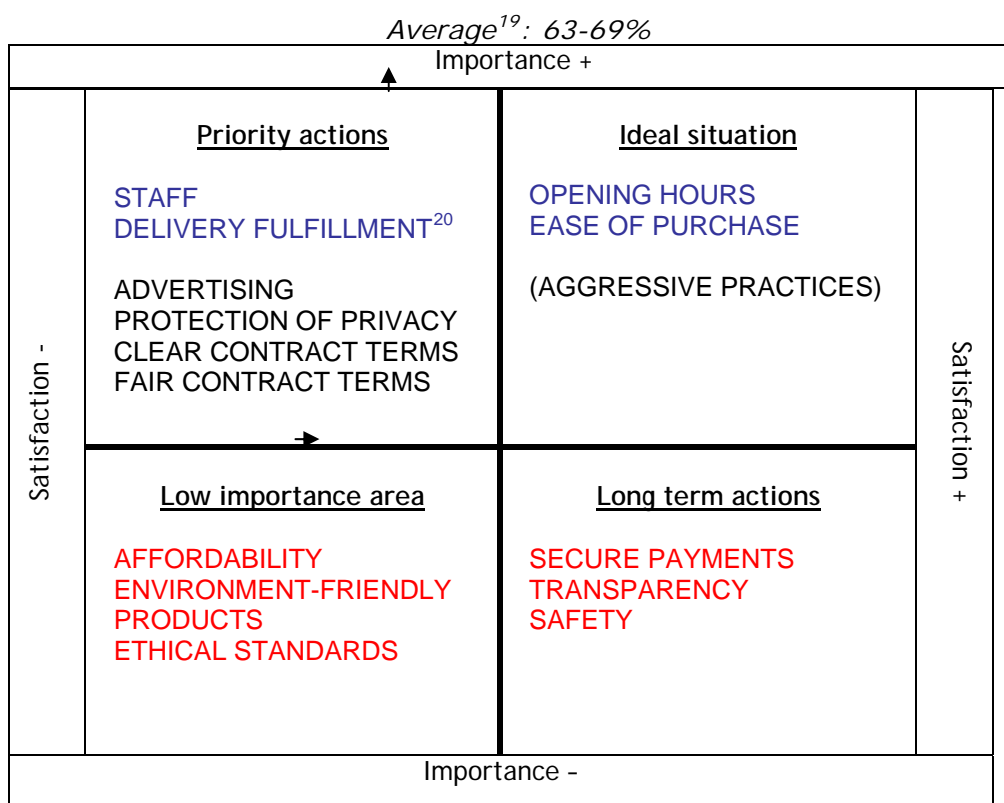
In the next chapter, we will have a closer look at what aspects in particular should be taken into consideration when analysing the market which in turn can be used for informing policy decisions.

2. Priority policy areas

As already stated above, the eight product markets that were examined in this survey are relatively similar in terms of - not only drivers of market satisfaction – but also in terms of which elements constitute the basis of consumer satisfaction and which elements call for improvement.

- The average satisfaction based on the aspects of the three dimensions (trust, price/quality, service) varies between 63% regarding the market for fruit and vegetables and 69% concerning the household electrical equipment. In other words, **around two-thirds of European consumers are satisfied with the performance of the markets all factors of the model taken into account.**

It also seems that the strong and weak points of European markets are relatively similar across the product markets:



- Overall, European markets can be characterised as **very satisfactory in terms of** opening hours, easy access to desired products, transparent pricing and secure payments. When it comes to aggressive practices, it is important to note that, even if in the model this indicator can be placed among those corresponding to an ideal situation, it also receives relatively high dissatisfaction scores which should not be ignored.

¹⁹ Average proportion of satisfied consumers on all items relating to the 3 drivers of satisfaction i.e. Price/quality, Service and Trust.

²⁰ By delivery fulfillment we mean that the product a consumer buys is the right one as well as, when applicable, that it corresponds to the purchase order and it is delivered by the agreed deadline. In case of food products and clothing and footwear the proportion of don't know answers was high because delivery fulfillment is presumably not a major factor in these markets.

- At the same time, the main **areas of improvement relate to the skills and professionalism of the staff, timely and accurate delivery as well as to aspects of consumer protection.**
- As price/quality issues tend to have relatively less importance, they do not represent the focal point of the European markets. Notwithstanding, it can be pointed out that the availability of products that are produced according to certain standards, e.g. environmental or ethical standards, receives very low scores for satisfaction.

Two markets stand out from the pattern that is described above, namely the market for fruit and vegetables and the market for new motor vehicles.

- In the market for fruit and vegetables, the model analysis brings different results because price/quality has relatively more importance compared to the other markets. Consequently, for this sector, the selection of products produced according to certain standards as well as innovative products are areas of interest in order to improve consumer satisfaction of the market.
- In the market for new motor vehicles, the quality of services stands above the other two dimensions as a factor that influences overall satisfaction with the market. Contrary to the other markets, however, the aspects that would need special focus are the ease of the purchase process and opening hours whereas consumers are very satisfied with the staff and delivery fulfillment.

Chapter 4 – Alternative purchase channels

1. The Internet

1.1 PURCHASING VIA THE INTERNET

Distance distribution channels - % of purchases - EU27

	Internet	Phone/mail	Sales at home
ICT equipment	10%	3%	0%
Entertainment and leisure goods	9%	4%	0%
Clothing and footwear	6%	8%	0%
Household electrical equipment	6%	4%	0%
New motor vehicles	3%	N/A	N/A
Non-alcoholic beverages	0%	0%	1%
Fruit and vegetables	0%	0%	1%
Meat	0%	0%	0%

Distance purchase channels are relatively rarely used for purchasing products and their use is directly linked to the characteristics of the market in terms of products. Consequently, we can clearly separate **three food retail sectors where distance purchasing does not play a significant role at present**, namely the markets for non-alcoholic beverages, fruit and vegetables and meat.

Conversely, examining **distance purchasing is relevant for the three markets of electrical equipment as well as the market for clothing and footwear**. Particularly the Internet, but also phone/mail order, serve as distribution channels in these markets. It is also noteworthy that 3% of consumer did purchase a new motor vehicle via the Internet in the last five years.

Based on these incidence rates, we hereafter focus on purchasing via the Internet in the sectors for ICT equipment, entertainment and leisure goods, clothing and footwear, household electrical equipment and new motor vehicles.

Purchases via the Internet - % EU

	EU27	EU15	EU12
ICT equipment	10%	12%	5%
Entertainment and leisure goods	9%	10%	5%
Clothing and footwear	6%	7%	2%
Household electrical equipment	6%	6%	3%
New motor vehicles	3%	2%	4%

Purchases via the Internet by countries with the highest scores - %

ICT equipment		Entertainment and leisure goods		Clothing and footwear		Household electrical equipment		Motor vehicles	
EU27	10%	EU27	9%	EU27	6%	EU27	6%	EU27	3%

Denmark	50%	Denmark	53%	Denmark	30%	Denmark	21%	Sweden	17%
Sweden	21%	Germany	19%	The UK	13%	Germany	12%	Lithuania	10%
Germany	20%	Sweden	17%	Germany	13%	The UK	11%	Poland	8%
The UK	17%	The UK	15%	France	9%	The Netherlands	9%	Latvia	7%
The Netherlands	15%	Malta	14%	Sweden	7%	Sweden	8%	Slovakia	5%

- Certain countries, particularly Denmark, stand out with significantly higher incidence rates for Internet purchasing than the average. Other countries included in this group are Germany, Sweden, the UK and the Netherlands as can be observed in the table above.
- A differing ranking can be observed for the market for new motor vehicles: while the highest incidence of purchasing via the Internet is recorded in Sweden, the countries that follow are Lithuania, Poland, Latvia and Slovakia.

Based on this results, it can be concluded that **on-line shopping is undoubtedly linked to the Internet penetration rates** in the EU Member States²¹: for example, the Netherlands had the highest Internet access rate in 2008 (86%), followed by Sweden and Denmark.

²¹ Eurostat: Internet usage in 2008 – Households and Individuals at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-08-046/EN/KS-QA-08-046-EN.PDF

1.2 PRICE COMPARISON IN THE INTERNET

Even if use of the Internet as a purchase channel remains relatively low, it is used to a higher extent to compare prices of products. Furthermore, consumers who are thinking about buying a new motor vehicle – just above ICT equipment - are the most likely to compare prices in the Internet even if it rarely results in a purchase via the Internet.

Use of the Internet for price comparisons - % EU27

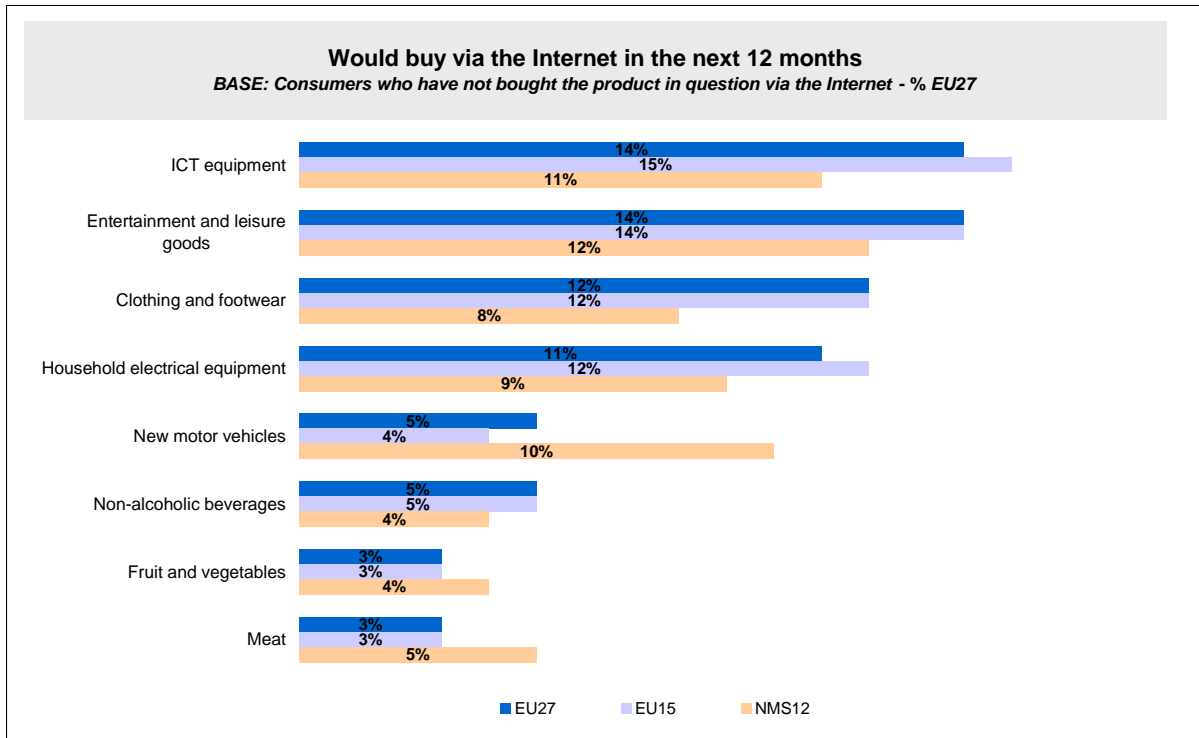
	Used the Internet	Bought product in the Internet	Bought product in a shop
New motor vehicles	38%	3%	25%
ICT equipment	37%	8%	20%
Entertainment and leisure goods	29%	7%	15%
Household electrical equipment	27%	4%	16%
Clothing and footwear	16%	4%	7%
Meat	3%	0%	1%
Fruit and vegetables	3%	0%	2%
Non-alcoholic beverages	3%	0%	2%

As the table above shows, using the Internet for price comparisons appears to indicate relatively well a purchase decision. However, **most of the purchases are eventually carried out in face-to-face situations**. This finding is consistent across the EU Member States. In other words, it can be said that there is a potential to increase on-line shopping in the markets for all kinds of electrical equipment, clothing and footwear as well as new motor vehicles, given that a relatively high proportion of consumers already compare prices in the Internet.

At the same time, we see that on-line price comparisons are rare in the markets for food products and it practically never leads to purchases via the Internet.

When it comes to individual country results, they reflect to a certain extent the incidence rates of Internet purchases in each country that were discussed above. Consequently, it is in Denmark where we find the largest proportions of consumers who have compared prices in the Internet, followed by Brits and Swedes. Interestingly, again, the top-three countries for comparing prices of new motor vehicles on-line are Latvia, Estonia and Lithuania.

1.3 POTENTIAL OF INTERNET PURCHASES



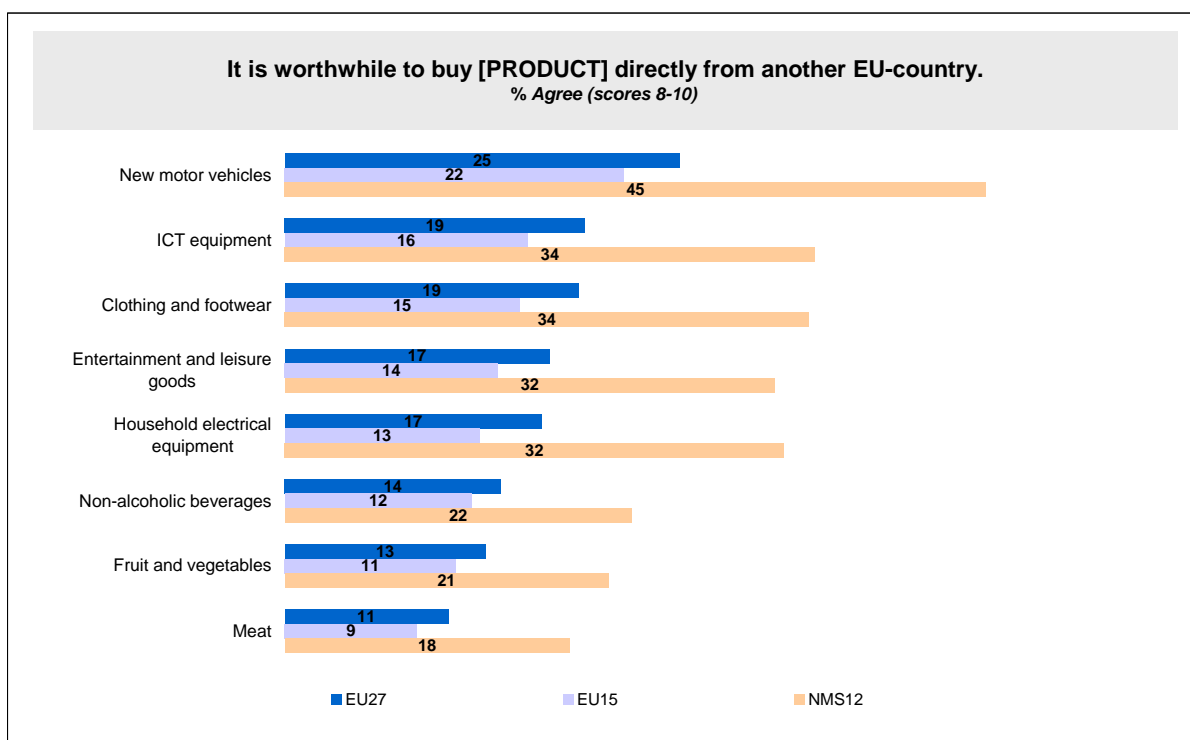
Finally, when looking at the potential of Internet purchases, it is observed that **over 1 in 10 of those consumers who have not made purchases online would be ready to purchase** ICT equipment, entertainment and leisure goods, clothing and footwear as well as household electrical equipment **via the Internet**. Shares for food products and new motor vehicles remain considerably lower.

At country level, the following observations can be made:

- The results are fairly consistent with those seen for Internet purchases and the use of on-line price comparisons: Swedes above all, followed by Danes, Germans and Brits are the most likely to say that they would buy products over the Internet. At the highest level, 38% of Swedish consumers indicate that they would purchase entertainment and leisure goods over the Internet.
- In Poland the highest proportion of consumers say that they would purchase a new motor vehicle via the Internet (18%).

2. Cross-border shopping

Three indicators concerning cross-border aspects of the European market were included among the questions of market characteristics. These tackled consumers' opinions on cross-border comparability of price and quality of products as well as whether they consider it worthwhile to buy such products cross-border.

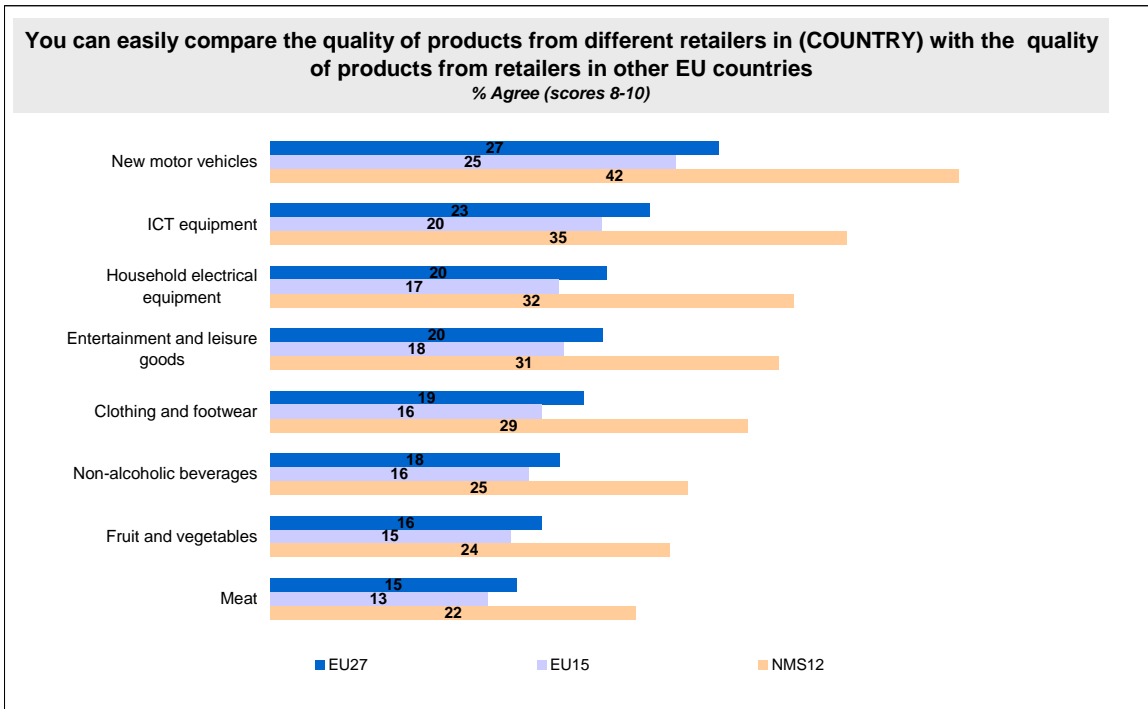
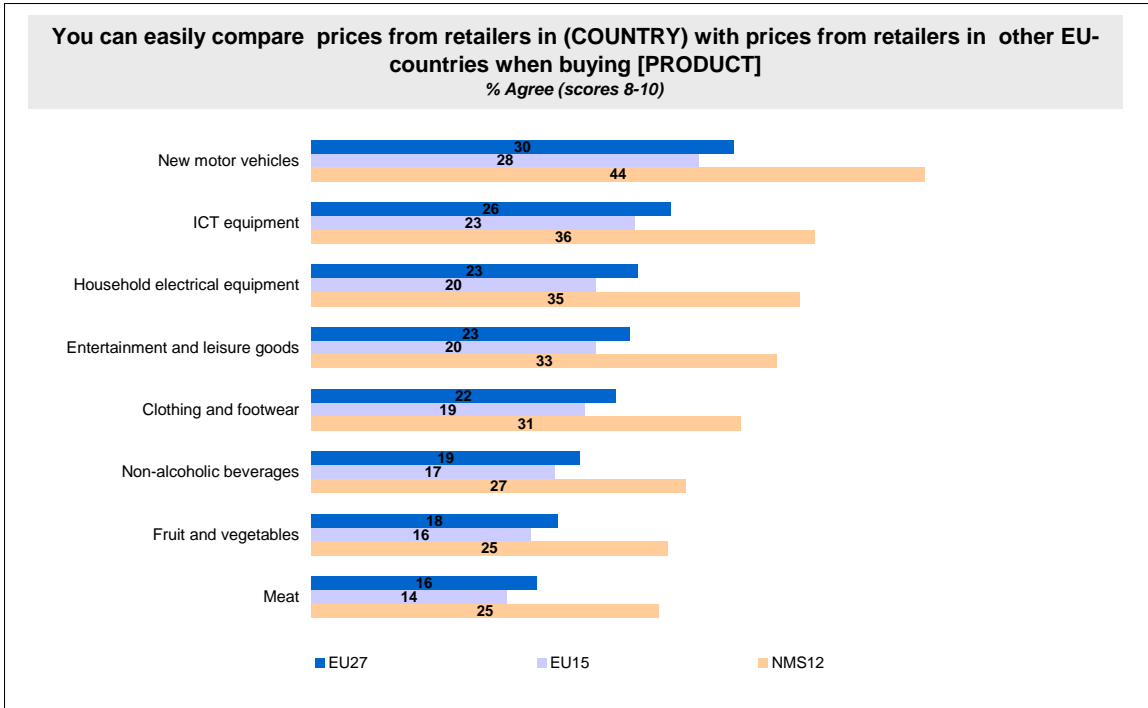


A relatively high proportion of European consumers consider that it is worthwhile to purchase products in another EU country. This is particularly the case for new motor vehicles, followed by all types of electrical equipment and clothing and footwear. Cross-border purchasing of food products is seen as less useful.

Consumers in the 12 newest Member States are significantly more enthusiastic about the prospect of cross-border purchasing. This is particularly the case for new motor vehicles.

At country level the following observations can be made:

- Romanians and Poles are the most positive about purchasing products from other EU countries. This is particularly the case for new motor vehicles: 56% of Romanian and 55% Polish consumers think that it is worthwhile to purchase these cross-border. Lithuanians and Latvians are also relatively positive about the prospects of cross-border purchasing.
- Among the former EU15 countries, Luxembourg stands out with high proportions of consumers thinking that cross-border shopping is worthwhile.
- At the other end of the ranking, Maltese and Irish consumers seem to be the least likely to embrace cross-border shopping.



Overall, cross-border price and quality comparability receive very similar evaluations from European consumers that can be summarised as follows:

- It seems that cross-border price comparisons are seen to be slightly easier than quality comparisons;
- Price/quality comparisons of new motor vehicles are seen as the easiest, followed by ICT equipment, clothing and footwear and entertainment and leisure goods;

Chapter 5 – Conclusions

This chapter gives the overall conclusions (key findings) from the Consumer Satisfaction Survey. More detailed findings on each of the 8 product markets can be found in the individual product market reports. Breakdowns of each indicator on a national basis and compared to EU-averages can be found in the 27 individual country reports.

European consumers are satisfied with the performance of their markets: it is easy and safe to shop in Europe with a wide enough range of retailers and products available. Even when talking about the less satisfactory elements of the markets, findings are based on the nuances among predominantly satisfied customers, as levels of dissatisfaction remain marginal. Also a sign of firm consumer satisfaction is the fact that socio-economic factors play only a marginal role when it comes to consumers' evaluations of the markets.

The high level of overall satisfaction is also reflected in the fact that the vast majority of European **consumers do not report that they have experienced problems** when purchasing products (varying between 16% for new motor vehicles and 3% for non-alcoholic beverages).

It can be said that Europeans are **relatively dissatisfied when it comes to the dimension of price/quality while they embrace the quality of service**. At the same time, they, however, are likely to place more importance on the aspects of service than on price issues which tend to make service as the focal point of the European markets. The reader is however invited to keep in mind that the fieldwork of this survey took place just before the collapse of Lehman Brothers that culminated in the global economic crisis in September 2008 which may have changed the picture in the European market.

No market seems to be performing significantly worse or better than the other. It however is the case that **the market for fruit and vegetables receives the lowest satisfaction ratings on all dimensions**. In this market, the choice of products in terms of prices, qualities, environmental and ethical production and innovation can be pinpointed as areas of improvement.

Another interesting observation can be made concerning the consumers in the new Member States and in the EU15. **While consumers in the new Member States are generally more satisfied with their markets, they also are less committed to their retailer and more open for 'alternatives'**. This is particularly the case when it comes to the prospects of cross-border purchasing: consumers in the new Member States are significantly more likely to consider it worthwhile to purchase products in other EU countries.

On-line shopping is a relevant purchase channel in a number of markets: ICT equipment, household electrical equipment, entertainment and leisure goods, clothing and footwear as well as – to a certain extent – new motor vehicles. Even if incidence rates of actual purchases over the Internet remain relatively low, some potential can be observed when analysing the figures for those who use the Internet for comparing prices: more than a quarter of consumers compared prices of motor vehicles, ICT, household and leisure equipment in the Internet, even if it still rarely leads to an on-line purchase. The greatest hindrance of increasing Internet shopping may therefore well be practical and regulatory barriers - such as lacking Internet penetration, geographical segmentation by businesses, variation in consumer regulation and language barriers.

Cross-border shopping is considered as an alternative purchase channel by a relatively high proportion of European consumers. This is particularly the case in

the new member states where up to 45% of consumers think that it is worthwhile to buy new motor vehicles from another EU country.

Based on the findings of the satisfaction model, it can be said that **the main drivers of European markets are quality of service and trust to the market**, but none of the markets is predominantly driven by one factor. A high level of satisfaction tends to imply commitment to the retailer but, at the same time, **being satisfied does not strongly predict consumers' likelihood to file complaints**.

Finally, it can be said **that European markets tend to excel in quality of service, particularly in terms of opening hours and ease of purchase**. These indicators are defined as corresponding to the ideal situation, i.e. consumers consider them to be important and are also relatively more satisfied with them.

At the same time, **the main areas of improvement are related to the quality of service, namely to the skills and professionalism of staff, timely and accurate delivery as well as to aspects of consumer protection**. The consumer protection issues particularly revolve around **advertising, protection of privacy** as well as **clear and fair contract terms**. In these areas, any improvements can be expected to result in a higher level of overall satisfaction.

Technical Note

This survey was carried out according to the following specifications:

COVERAGE: 27 Member States of the European Union

UNIVERSE: General Population aged 18+

METHOD: Face-to-face interviews at respondents' homes in their respective national languages

SAMPLE:

Total sample representative of the universe aiming at the number of interviews per market presented in the table below:

	Number of evaluations to be reached per product group			
	All countries except LU, CY, MT, DE & UK	Luxembourg, Cyprus & Malta	UK	Germany
Fresh fruit and vegetables	1.000	500	1300	1500
Non-alcoholic beverages	1.000	500	1300	1500
Meat	1.000	500	1300	1500
Information and communication equipment	500	250	650	750
Other household electrical equipment	500	250	650	750
Entertainment and leisure goods	1.000	500	1300	1500
New motor vehicles	500	250	650	750
Clothing and footwear	1.000	500	1300	1500

In each country, a random sample of individuals was drawn.

Each respondent was able to evaluate up to five out of the eight sectors of which they had experience in the reference period.

The definite un-weighted sample sizes per country are indicated in the table below:

	TOTAL	Fruit and vegetables	Non-alcoholic beverages	Meat	ICT equipment	Household appliances	Entertainment and leisure goods	New motor vehicles	Clothing and footwear
TOTAL	38255	26594	26557	27346	15626	15266	25147	11433	27358
EU27	38255	26594	26557	27346	15626	15266	25147	11433	27358
EU15	23139	15155	15103	15752	8925	8559	14685	7366	15621
NMS12	15116	11439	11454	11594	6701	6707	10462	4067	11737
AT	1568	1120	1059	1135	635	660	1074	544	1118
BE	1445	792	1049	1014	595	563	985	440	1002
BG	1005	1005	1005	1005	603	597	590	268	1005
CY	892	510	486	517	292	249	497	240	573
CZ	1925	1050	1016	1040	560	589	1068	506	1073
DK	2832	1041	1059	1030	508	489	995	511	1053
EE	1487	1010	1002	1002	513	531	1000	253	1003
ES	1495	1015	1122	1048	572	550	1025	502	1112
DE	1515	1500	1500	1500	784	787	1500	785	1500
EL	1200	1089	569	992	617	536	861	343	779
FI	1773	1025	1026	991	509	568	989	498	999
FR	1000	1000	1000	1000	717	694	1000	530	1000
HU	1494	1118	1121	1156	588	518	1103	500	1116
IE	1218	923	916	911	575	498	958	421	918
IT	1022	1022	1022	1022	551	511	1022	510	1022
LV	1476	1002	1000	1007	507	500	1000	250	1000
LT	1331	1046	1128	1070	610	645	1051	176	1050
LU	535	533	534	524	321	291	500	261	522
MT	500	500	500	500	261	270	495	256	500
NL	974	920	923	925	590	552	841	388	934
PL	1464	1008	1026	1173	630	566	1012	362	1162
PT	1000	1000	1000	1000	579	557	1000	504	1000
RO	1457	1151	1138	1138	771	837	1067	511	1292
SK	986	975	980	963	773	823	867	416	958
SI	1099	1064	1052	1023	593	582	712	329	1005
SE	3765	948	1105	1425	681	591	774	528	1435
UK	1797	1227	1219	1235	691	712	1161	601	1227

WEIGHTING:

At national level, the data was weighted by gender, age and region.

At EU level, each country received a weight according to its 18+ population as a proportion of the total 18+ population in the EU.