



B2C e-commerce @ OECD

Brigitte Acoca
Consumer Policy Analyst

IX International Regulatory Workshop: Trends and
Challenges in the ICT sector

Commission for Communications Regulation of Colombia
1-2 September 2014

The views expressed in this presentation are those of the author and do not necessarily reflect the opinions of the OECD or its Membership



OECD Committee on Consumer Policy (CCP)

Who we are and what we do



CCP and its working party

- Carries out research and analysis
- Provides discussion forum for policymakers and enforcers
- Develops policy recommendations and guidance
- Working Party on Consumer Product Safety (2010)
- Members: consumer policy and enforcement authorities from OECD governments + business advisory council (BIAC) and Consumers International
- Non-members participating in CCP activities include Brazil, Colombia, Egypt, India, Latvia and Peru



Major work streams

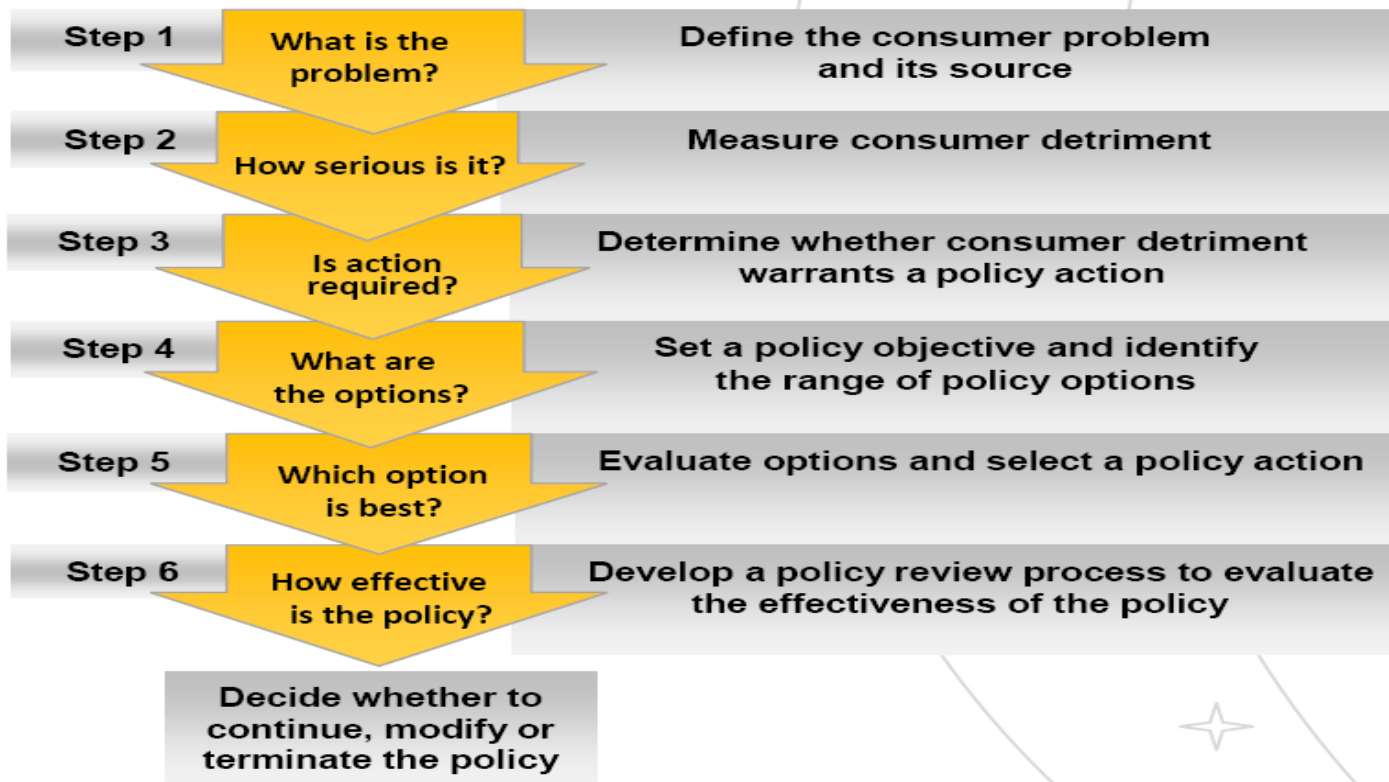
- E-commerce/digital economy
- Consumer economics
- Product safety



Behavioural economics e-commerce & the digital economy

New approaches to policy making: Business models are constantly evolving, posing a challenge for many policy frameworks, not just consumer but also telecom, competition, privacy, security, taxation, etc.

- ❑ 2010 OECD Consumer Policy Toolkit and
2014 OECD Recommendation on Consumer Policy Decision Making





Consumers in communication services



Challenges

(OECD workshop, 2011)

- Complex terms and conditions
 - Difficulty in comparing telecom packages
 - Duration of contracts is sometimes unclear or unfair
- Misleading and fraudulent marketing practices
 - Advertised broadband speeds reflecting hypothetical speeds
 - Advertising reflecting the minimum cost of a service with no information on additional charges that would likely apply
- Billing issues (Largest share of consumer complaints filed through SIC)
 - Cramming
 - Roaming charges



Consumer empowerment initiatives

Country examples

- Measuring broadband speed: UK
 - Users can use the services of SamKnows to connect their router to the company's monitoring box that measures broadband speed
 - First results of tests published by Ofcom in its 2010 broadband speed report
 - Help consumers distinguish between advertised speeds and the actual average download speed in the country
- Reporting of quality of service (QoS): Colombia
 - CRC Resolution 3067 (2011): communication service providers are to publish QoS data on their website
 - CRC issues a list of QoS data by supplier and region



Consumers in the digital economy



OECD 1999 E-commerce Guidelines

(<http://oecd.org/dataoecd/18/13/34023235.pdf>)

- Consumers engaging in e-commerce should be afforded transparent and effective consumer protection that is no less than the level of protection afforded in other forms of commerce
- Consumers should benefit from
 - Fair business advertising and marketing practices
 - Clear and transparent information disclosures
 - Ways to confirm/cancel a transaction
 - Secure and easy-to-use payment mechanisms
 - Privacy
 - Education and awareness
- Industry-self regulation should be encouraged
- Members should co-operate to combat cross-border fraudulent, misleading and unfair commerce practices





Review of OECD 1999 e-commerce guidelines

- 2008 OECD Ministerial on the Future of the Internet Economy
 - Policy guidance on mobile commerce
 - Policy guidance on online identity theft
 - Policy guidance on communication services

- 2009 Conference on Empowering E-Consumers
 1. Online and mobile payments
 2. Digital content products
 3. Participative e-commerce
 4. Revised e-commerce guidelines (2015)
 5. OECD Ministerial on the Digital Economy (2016, Mexico)



Growth of B2C e-commerce (1)

**Estimates vary from one source to another*

- Largest markets: Asia-Pacific, North America, Europe
 - China: USD 26.66 billion in Q3 2013
 - US: USD 225 billion in 2012 (5.4% of total retail sales)
 - EU28: EUR 270 billion in 2012 (20% increased from 2011)
- Latin America
 - Brazil: USD 11 billion in 2012
 - Mexico: USD 4 billion in 2011
 - Argentina: USD 2.57 billion in 2011



Growth of B2C e-commerce (2)

**Estimates vary from one source to another*

- 32% consumers buying online in OECD area
 - EU: Doubled between 2008-2011 to EUR 200.5 billion
 - UK: 12% of total sales in 2011
 - FR: 7.3% of total sales in 2011
 - US: 5.3% of total sales in 2013
- Cross-border e-commerce lagging behind
 - 25% of e-retailers sold products across EU borders in 2012
 - 11% of consumers purchased products from sellers located in another EU country
 - 6% from seller located outside the EU



Trends

- Wider product choices at lower prices
- Easier access to product information
- New business models and payment mechanisms
- Personalised offers
- More active consumers
 - Product reviews and ratings
 - Growing adoption of mobile technology
 - Increased demand for digital content products
 - Emerging interest in the Internet of things



Challenges

But...

- More complex, service-based markets
 - Challenges in understanding contract terms and conditions
 - Varying levels of protection across transactions
 - Unclear information about dispute resolution procedures
- Concerns over the collection, use and sharing of consumer data



Trends in Mobile and Online Payments

- 2012 Analytic report (<http://dx.doi.org/10.1787/5k9490gwp7f3-en>)
 - Convergence in online and m-payments
 - Global volume of transactions is growing rapidly
 - Increasingly processed by non-traditional financial organisations
 - Main developments in OECD members
 - NFC mobile payments
 - Digital wallets
 - Main developments in non-members
 - Banking
 - Remittances and money transfers





Issues in mobile and online payments

2014 OECD policy guidance ([10.1787/5jz432cl1ns7-en](#))

1. Unclear and complex payment terms and conditions
2. Privacy and security concerns
3. Children's overconsumption
4. Uneven or lack of protection across payment mechanisms in most countries
 - except in **Denmark and Norway** where same level of protection applies to online and mobile payments
5. Fraudulent, misleading, deceptive and other unfair commercial practices
 - **In Australia**, legal force given by ACMA to an industry developed mobile premium services code requiring consumers to give 2 independent confirmations before being able to subscribe to an ongoing MPS
6. Need for easy-to-use and low cost dispute resolution and redress mechanisms



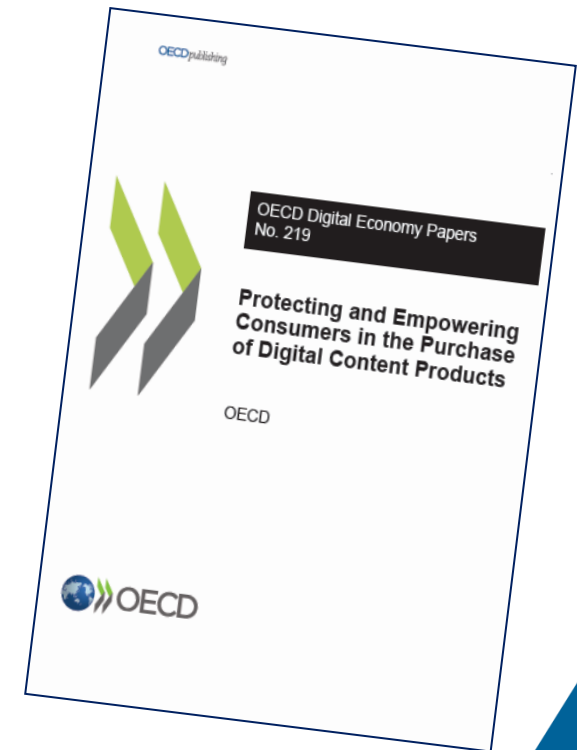
Digital content products

- Analytic report (2013)

Focus

Intangible digital
content products
(e.g. e-books; apps)

“Free” or products
involving payment





Trends in digital content products purchases

- Digital content products fastest growing category
 - 2011 spending on e-games (UK, Germany, France, Italy, Spain, NL, Belgium)
 - EUR 4 bn on games at casual websites, multiplayer online games, social media
 - EUR 1.8 bn on games to download
- 30% of individuals (including children and young adults) in the OECD area used the Internet for playing or downloading music and games in 2010
- Apps are changing ways in which information and content are being accessed
- By 2020, digital content and related applications should be almost entirely delivered online in the EU



Issues with digital content products

- Policy guidance (being finalised) calls for
 1. Improved consumer information about product access and usage conditions
 2. Enhanced privacy
 3. Fight against fraudulent, misleading and unfair commercial practices
 4. Protecting children (UK industry-wide principles on children's protection in online games)
 5. Adequate dispute resolution and redress
 6. Digital competence



Consumers and the Internet of Things



Internet of everything

- Already part of consumers' daily life

- 1.7 billion devices connected to the Internet

- Benefits include

- Understanding consumption patterns
- Saving money
- Personalised experience

- Emerging issues

- Privacy and security
 - 2014 US FTC case against TRENDnet
- Fraud and information disclosures
- Interoperability of devices and software update
- Functionality, lifespan and warranty of devices
- Dispute resolution
- Education



Berlingske/OECD



International co-operation

- International Consumer Protection and Enforcement Network (ICPEN)
 - Mobile payments
 - Children online games and apps
 - Endorsements and testimonials
- UNCTAD
 - Review of UN Consumer Protection Guidelines
- ISO
 - M-payments standard
- ASEAN



NEXT CCP MEETING

- 27-29 October 2014 (OECD, Paris)
 - First draft of revised 1999 E-commerce Guidelines
 - Behavioural economics
 - 2016 OECD Ministerial



Contact us

- Brigitte Acoca (brigitte.acoca@oecd.org)
- Visit: www.oecd.org/sti/consumer-policy