Unlocking opportunities: consumer trust and confidence in cross border ecommerce

Liz Coll, Consumers International

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Consumers International

• Consumers International is the world federation of consumer groups
• Independent and authoritative global voice for consumers
• Founded in 1960
• 240 Member organisations in 120 countries
• Ecommerce: UNGCP, OECD, member experiences
• [www.consumersinternational.org](http://www.consumersinternational.org)
Connection and disruption

www.opte.org/maps
Transformation of e-commerce

- proliferation of choice and access to items
- convenience: anytime, anywhere
- rating and feedback on a mass scale, more information about products and services and quality – driven by consumers
- ability to compare across a range of providers to seek best deal
- Powerful choice tools to navigate options
Growth of ecommerce

• On a global basis, $1.2m is spent on ecommerce every 30 seconds
• 2014 sales achieved a total value of $1.5 trillion (up by 50% on 2012)
• Rapidly expanding online and mobile user bases in emerging markets
• Lower levels of cross border ecommerce

Source: emarketer.com
Explaining lower levels of cross border ecommerce

1. Shape of the domestic market

2. Structural factors

3. Consumer confidence and protection
1. Shape of the domestic market

- Meet resident consumers needs?
- Size?
- Location?
2. Structural factors

- **Access**: 60% not yet used internet
- **Quality** of digital service and infrastructure
- **Hidden costs** linked to customs duties and currency conversion
- Costs that arise from **distance**
- Infrastructure and the competence of **delivery** services
- Availability of preferred **payment** methods
3. Consumer confidence and protection

- **Lack of clarity** on protections afforded by the vendor’s jurisdiction; and what recourse and redress is available if things go wrong
- Dealing with another **language**
- **Conformity** of products to local standards
- Lack of trust in use of data in terms of **privacy**
- Lack of trust in use of payment data, in terms of data **security**
Consumer perspective

• **Fear of fraud:** 58% abandon a purchase because of fears over payment security

• **Hidden costs:** 75% abandon a purchase because of charges added at the payment stage

• **Delivery problems:** 30% of EU citizens reported delivery delays.

• Lack of availability of accessible, effective redress
Wider digital consumer context

• **Terms and conditions**: weighted in the vendor’s favour, long, inflexible subject to change.

• **Data use**: data and information harvested from consumers is widely shared and used in unexpected ways

• **Market structure**: most consumers experience internet via a few large companies

• **New skills and knowledge** to get best outcomes, widening gap
Future directions

• Personalised pricing strategies based on individual data profiles - the **end of the ‘standard’ price**?

• **IoT**: more channels to sell through, more data collected on individuals

• Digitalised generation of consumers with **high service expectations**

• Ever increasing **dominance** of small number of platforms or brands?
Building confidence in cross-border ecommerce

• Regulation in digital age difficult: speed, reach and scale
• 80% CI members feel legislation, regulation and standards relating to redress ineffective
• 76% doubt the efficacy of enforcement
• **Scale up and strengthen** solutions to confidence and service issues that already exist in ecommerce?
Building confidence in cross-border ecommerce

- Shared principles for consumer protection, link to data protection principles
- Shared solutions to systemic issues
- Joint development of trusted intermediaries to provide security and reassurance
- Backed up by international standards and accountability
Building confidence in cross-border ecommerce

- **Equivalence**: degree of consumer protection should not be less than that afforded in other forms of commerce
- **Security**: limitations on liability
- **Privacy**: respect for privacy expectations
- **Skills**: emphasise skills and capability required to be a smart, safe online consumer
- **Dispute resolution**: simple, accessible and fair ways to resolve disputes across more than one jurisdiction
Intermediaries

• Can trusted intermediaries address systemic issues in cross border ecommerce? eg
  o Regional or sectoral ODR
  o Escrow-style data management
  o Independent reviews

• Flexibility to tailor local, regional or sectoral solutions

• Underpinned by successful, international standards on reviews and ratings, data handling, privacy, and dispute resolution
Standards

- ISO 10008 Guidelines for B2C ecommerce transactions
- ISO 10002 Guidelines for complaint handling (online and offline)
- Next: Online reputation standards
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