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**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
COMMITTEE ON CONSUMER POLICY**

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**CONSUMERS IN THE ONLINE MARKET PLACE
OECD WORKSHOP ON THE GUIDELINES - ONE YEAR LATER**

REPORT OF THE WORKSHOP

13-14 March 2001, Berlin, Germany

<p>Ms. Dawn Friedkin, Tel: +33 (0)1 45 24 14 79; E-mail: dawn.friedkin@oecd.org Mr. John Dryden, Tel: +33 (0)1 45 24 93 73; E-mail: john.dryden@oecd.org; Fax: +33 (0)1 45 24 93 32</p>

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NOTE BY THE SECRETARIAT

The inherently international nature of the digital networks and computer technologies that comprise the electronic marketplace requires a global approach to consumer protection as part of a transparent and predictable framework for electronic commerce. The global network environment challenges the abilities of each country or jurisdiction to adequately address issues related to consumer protection in the context of electronic commerce. Disparate national policies may impede the growth of electronic commerce.

OECD Member governments recognised that an internationally co-ordinated approach is necessary. The *Guidelines for Consumer Protection in the Context of Electronic Commerce*, approved 9 December 1999 by the OECD Council, were the product of 18 months of discussion among representatives of OECD governments, business groups and consumer organisations. They aimed to ensure that consumers are afforded the same level of safeguards in the emerging business-to-consumer electronic marketplace as they are in more traditional realms.

In convening “Consumers in the Online Marketplace: OECD Workshop on the Guidelines – One Year Later” (the Workshop), the OECD Committee on Consumer Policy sought to bring together many of the same representatives involved in the initial writing process, in addition to other representatives – especially from non-member countries. Gathering in Berlin on 13-14 March 2001, their task this year was to examine progress on implementation of the *Guidelines* and to facilitate discussion on what the appropriate next steps would be in the area of e-commerce consumer protection.

The Workshop, attended by more than 120 government, business and consumer representatives, was immediately followed by the regular, bi-annual two-day meeting of the Committee on Consumer Policy. The Committee released in co-ordination with the Workshop a report on *Guidelines* implementation activities across Member countries, “First Report: Government and Private Sector Initiatives to Promote and Implement the OECD *Guidelines for Consumer Protection in the Context of Electronic Commerce*” – DSTI/CP(2000)7/FINAL.¹

In particular, the Workshop was intended to provide participants with:

- An overview of the status of online consumer shopping, including its volume, the problems that consumers are experiencing, the benefits they are gaining, and the relationship between effective consumer protection and the potential of e-commerce.
- A look at the array of steps being taken by various Member countries to implement the *Guidelines*.

¹ [http://www.oilis.oecd.org/oilis/2000doc.nsf/LinkTo/DSTI-CP\(2000\)7-FINAL](http://www.oilis.oecd.org/oilis/2000doc.nsf/LinkTo/DSTI-CP(2000)7-FINAL)

- Through interactive case studies, examination of consumer experiences with particular sites, codes of conduct, trustmarks, and other self-regulatory and co-regulatory programmes, based on the *Guidelines* principles.
- An exploration of innovative means to educate consumers, businesses and governments about consumer protection online.
- A review of how international co-operation can be utilised to extend the reach of the *Guidelines* and ensure more global safeguards for consumers engaging in e-commerce.
- An opportunity to discuss the status of *Guidelines* implementation and share ideas for what next steps there may be in this area, and in the e-commerce consumer protection arena more generally.

This document, written by the OECD Secretariat, reports on the Workshop. It includes in the next section a list of main points that appeared to emerge, followed by summaries of each session. It is hoped that the document will help conference participants build on the lessons that they take away from Berlin, and will help Member countries and other stakeholders as they grapple with deciding what next steps to pursue.

Presentations delivered at the Workshop, the *Guidelines*, related reports, biographies of speakers, and other Workshop materials are available online via the Workshop link at: <http://www.oecd.org/dsti/sti/it/consumer/>.

Some materials also are included in the Annex section of this document.

MAIN POINTS

The following are the main points that emerged in presentations and discussion by representatives of governments, business groups and consumer organisations during the two days of Workshop sessions. In particular, they reflect the main points highlighted during the last session's moderated discussion of next steps.

Guidelines implementation activities have been extensive and global

Governments, consumer organisations and business groups from all Member countries have taken great steps in beginning to implement the *Guidelines* over the past year, with efforts spanning from translating the *Guidelines* into all native languages of the OECD to creating educational materials and developing guidelines and codes of conduct to work on ADR to updating legal frameworks. The range of activities is both vast and impressive, and it presents many opportunities for countries to learn from each other in this field as they consider the most effective ways to ensure that consumers enjoy the benefits of e-commerce with the most minimal risks.

International co-operation among all stakeholders is critical

The Internet is global, as is e-commerce. To ensure effective consumer protections, stakeholders must work together across national boundaries. This can be especially important in the development of trustmarks and codes of conduct that seek more universal recognition and in the field of law enforcement. In addition, governments, consumer groups and business groups must work together to ensure the most comprehensive safeguards are established for online consumers. The OECD is a key forum for international co-operation in this area.

Consumers and businesses need to be educated

Both consumers and businesses need to be educated about the *Guidelines*, in particular, and consumer protection principles more generally. Consumers need to be better aware of what their rights are and what they should expect from Web site operators in such areas as notice of policies, privacy, security, and redress. Businesses need to be better educated as to what types of protections they are expected to afford consumers in these areas and how they should implement the *Guidelines* at individual Web sites.

Informal dispute resolution mechanisms are important and are working

Internal complaints handling mechanisms are critical for consumer protection. If a consumer and business can settle their dispute at that level in a fair and effective way, it saves all parties time and energy. Indeed, informal dispute resolution mechanisms are working in the vast majority of cases in just this way. Alternative dispute resolution and other more formal mechanisms are also important to ensure consumer protection in the e-commerce environment, but good practices at the level of internal complaints handling can lead to the most efficient resolutions for both businesses and consumers.

More information gathering and sharing should be encouraged

More data and data analysis is needed in the field of B-to-C e-commerce. There is a need to better understand the role that consumer confidence plays in e-commerce and how it fits into an overall policy context for the Internet. Studies of e-commerce sites and international “sweeps” are important and can serve as an effective monitoring function. Information from such efforts should be publicised and shared among all stakeholders as much as possible. Attention should be paid not only to safeguards pledged, but also to consumer experiences and business responses in practice.

Stakeholders should reach out to non-member countries

As access to the Internet and e-commerce spreads rapidly beyond the borders of OECD countries, stakeholders should work to make sure that consumer protections are not limited to Member countries. *Guidelines* implementation work and other outreach programs by governments, businesses, and consumer groups should be global.

While the Guidelines are an effective tool, some elaboration on specific principles may be necessary

The *Guidelines* have had a positive impact on business policies and government action, encouraging better consumer protection in the online arena. The impact is expected to continue in the years ahead as implementation activities continue. Some elaboration on the principles of the *Guidelines* may be necessary, though, in order to help businesses to comply with the principles and to aid consumers in realising the full extent of their safeguards. Such further explanation could come in the form of a catalogue of best practice examples or similar document. However, now – only one year after the *Guidelines* were issued – it is unnecessary to revise the text of the *Guidelines* themselves.

REPORT OF THE WORKSHOP

Welcome and Introduction

The conference was opened by **Jytte Oelgaard**, Chair of the Committee on Consumer Policy of the OECD.

Alfred Tacke, State Secretary of the Federal Ministry of Economics and Technology of Germany, expressed confidence that there will be a coming boom in e-commerce, both business-to-consumer (B-to-C) and business-to-business (B-to-B), because it is increasingly the most efficient way to do business. He predicted that with the growth in mobile phones and other personal communications devices, everyone in Germany will have access to the Internet within the next five years. But, Dr. Tacke noted, policy makers must focus on two most important areas in order for e-commerce to reach its full potential: access costs and consumer confidence. In terms of the latter, he said the OECD can take a leadership role in formulating models for consumer trust and confidence. Saying that there cannot be hundreds of different regulations worldwide, Dr. Tacke also called for global standards as a way to boost that trust.

Alexander Mueller, State Secretary of the Federal Ministry of Consumer Affairs, Food and Agriculture of Germany, also issued a call for international codes and standards during his welcome remarks. Noting that now is the right time to exchange ideas on the *Guidelines*, he emphasised the importance for all stakeholders to work together on an international scale. National or regional codes are not enough, he said. Instead, e-commerce success is tied to international efforts to achieve, among other things, more transparency (including full and clear consumer protection information for consumers), data security and privacy, consumer-friendly rules on cross-border transactions and a dialogue between consumer groups and businesses.

John Dryden, Head of Division of the Information, Computer and Communications Policy Division of the OECD, said prospects for e-commerce are still very good, despite the recent rash of dot-com failures. Some may say that B-to-C commerce online has been disappointing. But, Mr. Dryden noted, it is growing at an annual rate of 50% to 100%. At the same time, there are still plenty of challenges and areas of work in fulfilling the principles of the *Guidelines*. Among those areas, he said, are finding the right framework, developing user skills and addressing international issues. The *Guidelines* - now translated into all OECD languages - represent a consensus by all parties and encapsulate an attempt to find the right mix of regulation and self-regulation, Mr. Dryden said. He further noted that all parties should see their self-interests reflected in the success of the *Guidelines*.

In her formal introductory remarks, **Ms. Oelgaard** recalled that creating the *Guidelines* was difficult, and different stakeholders may dispute different aspects of the content. However, she said, the document undoubtedly has made a difference and has had a real impact on individual country policies. Noting the importance of examining the *Guidelines* one year later, she applauded the co-operation by governments, business groups and consumer organisations in creating the two-day Workshop programme. Ms. Oelgaard said the results of the Workshop would be examined by the Committee on Consumer Policy

at their meeting immediately following the Workshop, and suggested questions for participants to consider during the Workshop. Among them: Have businesses been paying attention to the *Guidelines*? Have the principles been incorporated in practice? Do consumers know that they should have the same rights online as off-line?

Session One: Status of Consumer Online Shopping

In Session One, an overview of the status of consumer online shopping was presented. This overview focused on business-to-consumer e-commerce statistics, the types of complaints that consumers are registering about online business practices, and some measures of consumer empowerment online.

John Dryden of the OECD Secretariat presented an overview of business-to-consumer statistics.² He opened by warning that e-commerce statistics present a “minefield” of differing definitions, methodologies, and indicators, as well as a mix of private and public sources, with official figures only in their infancy. OECD work on e-commerce statistics focuses on three areas - readiness, intensity and impact – and is based on a definition of e-commerce that includes all orders placed over a network, regardless of whether or not payment and delivery take place on-line.

Given these parameters, current statistics show the United States to be the leader in the field of e-commerce, with 19.7 million buyers making USD 25.8 billion in purchases that accounted for 1.01% of retail sales in 2000. Typical of large-size OECD countries, Mr. Dryden said, Germany had 1.4 million buyers making USD 1.2 billion in purchases that accounted for only 0.30% of retail sales. Travel, computer/software and book sales lead B-to-C e-commerce in Europe, while toy and automotive purchases lag behind. Almost the opposite phenomenon is seen in Japan, where automotive and real estate sales lead e-commerce while books and music are among the least popular items. Regardless of these differences, in general, online retail sales are highly seasonal, and many Internet users across OECD countries still do not purchase online.

The prospects for e-commerce development remain strong, Mr. Dryden said, with annual global growth rates of 50% to 100%. Worldwide e-commerce is thus expected to increase from a range of USD 20 billion to USD 40 billion in 1999 to a range of USD 144 billion to USD 380 billion by 2003. Among the policy consequences of this projected growth, he said, are the need to further consider issues of access and trust, the regulatory framework (such as taxation and trade), actions to maximise and share benefits, and the need for more e-commerce data and data analysis.

Michael Donohue, Attorney with the Federal Trade Commission of the United States, discussed examples of consumer complaints from the Consumer Sentinel database.³ Noting that the existence of such an international database is itself an implementation of the *Guidelines*' call for co-operation, Mr. Donohue said the program was a good example of law enforcement efforts to take advantage of technology to protect consumers. The database includes complaints from both public sector and private sector sources.

He said that most complaints filed in 2000 came as a result of distance sales, with identify theft (such as the theft of credit card information) leading all complaint categories and accounting for 23% of all

² A paper accompanying his presentation on “Business-to-Consumer E-Commerce Statistics” is available at: http://www.oecd.org/dsti/sti/it/secur/act/Berlin/related_documents.htm. It is also included as Annex III in this document.

³ The Consumer Sentinel database is a joint project of U.S., Canadian and Australian authorities. The public version of the site is available online at: <http://www.consumer.gov/sentinel/index.html>.

complaints. Complaints related to Internet auctions accounted for 9% of all complaints, while those related to Internet services and computer complaints accounted for 10%.

Top categories of Internet-related complaints included Internet auctions (45%), Internet access services (19%) and Internet information and adult services (9%). As in the offline world, traditional scam categories in such fields as health care, investments, travel/vacations and multi-level marketing/pyramids also showed up online, but in more limited numbers than other categories of Internet-related complaints. Overall, after more than doubling from 11% of all complaints in 1998 to 26% in 1999, the percentage of Internet-related complaints appears to have levelled off in 2000 at around 26%.

Michelle Childs, Head of Policy Research and Analysis at Consumers Association in the United Kingdom, presented results from the *Which?* Web Trader e-commerce code of practice, which is a European partnership of consumer organisations in at least seven countries. In order to qualify for the programme, members must meet a list of criteria, such as providing a delivery date, having a complaint handling procedure in place, and stating all prices in a clear and fully inclusive way. Of 4 484 applications for the code in the United Kingdom, 2 030 were rejected for reasons ranging from business' non-compliance with the criteria to their lack of B-to-C sales. Similar proportions of rejected applications are emerging in the programmes started recently in other European countries.

The *Which?* Web Trader code also has a dispute-resolution component. Of 1 311 complaints received by the UK programme between July 1999 and March 2001, the largest number have been because of failure to deliver on time (429). Other complaint categories relate to complaints handling (120), refunds (78) and spam (55).

Most complaints, Ms. Childs noted, were the result of merchant systems that failed at basic tasks like delivery and handling complaints. All disputes her organisation received were resolved either directly by the trader or through mediation.

David Fares, Director of Electronic Commerce at the United States Council for International Business, suggested some measures of consumer empowerment online. He focused on the need for better understanding B-to-C e-commerce development within the context of off-line trends. B-to-C commerce is one-third of the total economy and 10% of all e-commerce after only three years of real B-to-C experience, and B-to-C growth is expected to outpace B-to-B growth in relative terms. Given these trends, he said, caution should be maintained and hasty conclusions not drawn.

In addition, Mr. Fares focused on how consumer trust is not the only issue affecting B-to-C e-commerce growth. Consumers are generally satisfied overall, he said, noting that what failure may exist in B-to-C e-commerce today is more a result of natural selection among business models in a nascent business medium. Trust issues are important, but so are other policy areas, including competition and regulatory reform in the transport sector and customs modernisation. He suggested that the OECD should define its work programme in a way that encourages the Committee on Consumer Policy to take note of this broader context.

Overall, Mr. Fares said that better data is needed to be able to better understand the causes behind growth in B-to-C e-commerce. Data is also needed to be able to put consumer protection problems into a broader context of consumer empowerment, including qualitative measures of consumer satisfaction online.

Session Two: Guidelines Implementation Activities

Session Two provided an opportunity to see the diverse range of activities undertaken by Member countries in implementing the *Guidelines* and in pursuing other means of consumer protection in the online arena. Initiatives discussed ranged from legislation to codes of conduct to education initiatives.

Presentations

Michael Jenkin, Director General of the Office of Consumer Affairs at Industry Canada, detailed efforts in Canada to promote and implement the *Guidelines*. While Internet penetration has been strong in the country (about 50%), he said, the number of Canadians actually shopping online remains low (about 10% overall). Security concerns, difficulty in redress, and difficulties in determining a merchant's credentials top the list of Canadians' worries with regard to e-commerce.

Canada's efforts to gain consumer trust include self-regulation, the adaptation and harmonisation of legislation and public education. One key step was the development of Canadian principles for consumer protection online similar in timing and substance to the OECD *Guidelines*. They are being augmented by a more specific Code of Practice for Electronic Commerce and work on a Canadian standard for consumer protection. In addition, officials are developing a domestic legislative harmonisation template, which will help bring together federal, provincial and territorial legislation in this field.

In terms of education and easy access to information, an online consumer gateway was developed that also provides information to consumers on a wide variety of topics, including items related to electronic commerce, such as safe shopping online.⁴ The federal, provincial and territorial officials are also forming a working group to develop a guide on market-driven consumer redress, looking at both legal and out-of-court mechanisms for on- and off-line markets.

Mr. Jenkin noted that Canada believes the development of international benchmarks in standards/voluntary codes of practice, redress mechanisms and educational tools will be critical for the future of e-commerce consumer protection. He also expressed an interest in examining further the issue of jurisdiction in relation to e-commerce.

Merja Saari, Senior Legal Adviser for the Consumer Agency & Ombudsman of Finland, said the *Guidelines* played a significant role when sections concerning electronic commerce in Finland's Consumer Protection Policy for years 2000-2003 were drafted. In addition, they have also been referred to in numerous negotiations and discussions with the business sector and form a basis for many of the decisions of the Consumer Ombudsman concerning trade on the Internet.

New legislation implementing the EU Directive on Distant Selling has entered into force, she said, and the Finnish Consumer Ombudsman's guidelines on trading on the Internet are currently being drafted. These guidelines will be based largely on the OECD *Guidelines*.

In terms of education, Ms. Saari noted that the Finnish Information and Technology Development Centre has, in co-operation with the Consumer Agency published two guides on trading on the Internet, one for consumers and one for businesses.⁵ The Consumer Agency also is currently carrying

⁴ <http://www.consumerinformation.ca/>

⁵ They are available at <http://www.tieke.fi>.

out a test sweep where officials will go shopping on the Internet in order to survey the sufficiency of information provided, marketing methods used, availability and content of contract terms, availability and information on redress mechanisms and safety of payment methods offered. Some of the goods will also go through product safety testing. The *Guidelines* form a basis for this inspection, she said.

Discussion

During discussion, **Robert Mayer** of the University of Utah and the American Council of Consumer Interests asked Mr. Jenkin to detail the differences between the OECD *Guidelines* and Canada's guidelines and to discuss what more needed to be added in the development of a code of practice. Mr. Jenkin said that the two sets of guidelines were very similar in terms of their principles, given the similarities in their timing. He said that Canada added new principles related to marketing practices and communicating with children when creating the code of practice.

John Riley of the Australian Department of Treasury voiced support for the flexibility of codes and models of practice and thus reluctance to move toward more rigid standards. Mr. Jenkin agreed that there are significant benefits to codes, particularly their adaptability and speed of implementation, but unlike standards, they lack formal mechanisms for their development and international harmonisation.

Presentations

Maria Reiffenstein, Head of Unit at the Consumer Protection Directorate of the Ministry of Justice of Austria, discussed the chances and limits of "soft law" as a way to ensure consumer protection. Setting the backdrop for the discussion, she noted the extent of overlap between European Union law (such as the Distance Selling Directive of 1997 and E-Commerce Directive of 2000) and the principles of the *Guidelines*.

She then presented an overview of the Austrian Internet Ombudsman, which was founded in 1999 through government-business-consumer co-operation to foster awareness, improve quality, solve disputes and achieve self-regulation. Two of its key projects have been the establishment of a quality mark (www.guetezeichen.at) and the mediation of disputes. There have so far been 100 000 visitors per month to the Ombudsman homepage, 732 individual cases/complaints, and more than 2 000 inquiries. Top subjects of concern, from complaints, include delay in delivery or non-performance (34%), defects (23%), credit card payments (12%), additional costs (12%), and technical defects (12%).

Turning to "soft law" more generally, Ms. Reiffenstein noted four possible uses: implementing it as actual national law; using it as the basis for negotiations on such topics as laws, self-regulation and general contract terms; creating awareness; and developing it as a way to address cross-border issues.

Hyung-Wook Kang, Director of the Consumer Policy Division of the Ministry of Finance and Economy of Korea, highlighted the establishment of Korean guidelines on consumer protection in e-commerce. Their objectives of protecting basic interests of consumers and promoting e-commerce through fostering consumer confidence reflect the thrust of the OECD *Guidelines*, he said.

To help implement the Korean guidelines, he said, the Cyber Consumer Center was established in the Korea Consumer Protection Board. An Electronic Commerce Resource Center was founded to train enterprises involved in e-commerce, special Web sites were designed to offer tips for shoppers, business materials and data for researchers, and various other education materials were published. In addition, steps were taken to broaden privacy protections, seals, logos and codes of conduct were developed, and bodies were devised to help with complaint handling and dispute resolution.

Korea plans future steps to further develop trust in e-commerce. Among those cited by Mr. Kang were more education/awareness initiatives, strengthened self-regulation by businesses, efforts to combat cybercrime, on-line ADR, and increased international co-operation.

Discussion

During discussion, Ms. Reiffenstein was asked for a more detailed explanation of “soft law” and was questioned about what enforcement powers the Internet Ombudsman had. Noting that Austria (and Europe more generally) is quite inexperienced with soft law, **Ms. Reiffenstein** said that she views it as setting a standard, but as something that cannot be relied upon in court. In terms of enforcement powers, she said that the only real power would be to remove the quality mark.

Session Three: Case Studies of Consumer Online Transactions

In Session Three, five case studies were used to simulate and explore a consumer's interaction with a commercial Web site from the moment of logging-on to the completion of a transaction (including the internal mechanisms available to resolve a consumer's complaints). The interaction was examined based on the principles of the *Guidelines*. The examination also included exploration of merchant/Web site's adherence to codes of conduct, and membership in trustmark, self-regulatory and co-regulatory programmes, where relevant.

Case Study One

The first case study was moderated by **Martin Bond**, Assistant Director of the Consumer Affairs Directorate of the Department of Trade and Industry in the United Kingdom.

Presentation

The case study on www.aquarelle.com and www.chapitre.com was presented by **Joëlle Freundlich** of Cegetel SA in France on behalf of the Association for Online Commerce and Service (ACSEL).

Ms. Freundlich walked the audience through model transactions at each of the sites. She began with www.aquarelle.com, an online flower vendor. Among the features of the site that she said particularly encouraged trust were: the inclusion of information on the origins of the products, references speaking highly of the company, clear disclosures related to, for example, packaging, shipping and terms and conditions, photographs of products, easy-to-complete order forms, a pledge that personal data will not be transmitted to third parties without consent, and the offer of a variety of payment methods. In addition, Ms. Freundlich highlighted effective customer service features like e-mail notification upon delivery, a photo of the flowers before they are sent, and a tracking mechanism.

Moving to www.chapitre.com, a French book seller, Ms. Freundlich also noted the trust-building features. She said that those on this site included: the posting of a FIA-NET logo for dispute settlement, clear contact information, a focus on availability of products, a clear presentation of ordering procedures (such as payment and pricing structures and delivery conditions), a clear returns policy, and the guarantee that if one pays by cheque, it will not be cashed before the date of delivery.

Panel

Nathalie St. Pierre, Director General of *Action Réseau Consommateur* in Canada, said she was impressed with many of the features on both sites and the customer service that they offered. On the Aquarelle site, though, she said that she would have liked to see contact information more clearly listed (including contact information for customer service issues), a more clear statement of data privacy details, a confirmation of exactly what a customer has ordered, more information about the associations that the site is a member of, and the removal of the requirement to register in order to get a refund. In terms of the Chapitre site, Ms. St. Pierre said that she would have liked to see prices listed in other currencies, an explanation of what would happen to a cheque if a good was not delivered, more information on data privacy, and more information on dispute settlement.

Tore Malterud, Director General at Norway's Ministry of Children and Family Affairs, presented a series of six questions for consumers to ask themselves before completing a transaction. The questions were: (1) Who am I dealing with? (2) Why do they need information about me and how are they going to use it? (3) What is the actual price? (4) How do I confirm the transaction? (5) What are the conditions related to withdrawals, refunds and returns? (6) What are the dispute settlement processes?

Discussion

Among the key points to emerge in discussion was the need for sites to clearly mark any extra costs, such as for shipping, and to make such information accessible to a consumer before an order is placed. **Ms. St. Pierre** said that both sites did so, but they could have been indicated earlier in the ordering process. For example, there was no information provided on shipping costs until the confirmation screen, after a consumer places an order.

Maria Reiffenstein of Austria noted that in terms of payment conditions, the most protective option would be for money to not actually be paid to the companies until the goods have been delivered. Ms. St. Pierre said that neither site offered such an option. As a result, if goods were not delivered, consumers would have to try to get their money back. (An audience member clarified that this is not the law in many countries.)

To summarise, **Mr. Bond**, the moderator, suggested that the issues raised focused on how information was presented, security, and actual performance. In addition, he noted that it was clear that these were examples of "good" sites that offer good opportunities and safeguards for consumers.

Putting Aquarelle to the Test

In order to really test the consumer experience of ordering flowers on the www.aquarelle.com site, Nathalie St. Pierre ordered sunflowers to be delivered to the Workshop site on the day of her case study. Unfortunately, the flowers did not arrive. However, she reported that she did receive an e-mail from the company, informing her that the flower could not be delivered on time due to delivery problems and asking if she would still like to proceed with the order. The next day, even though Ms. St. Pierre did not reply to the e-mail, two sunflowers arrived at the Workshop site.

Ms. St. Pierre noted the good consumer protections exhibited in the e-mail informing her of the problem and asking whether she still wanted to go forward. She wondered, though, why the flowers were then sent without her consent and why two arrived instead of the one she ordered. She said that she would now have to see if she will be billed for two instead of one. Other discussion around this purchase included questions as to whether any information was given about the delivery woes (*i.e.* problems at the company or problems at the German post office). No such information was disclosed in the e-mail, Ms. St. Pierre said.

Case Studies Two and Three

Case studies two and three were presented by the same panel and moderated by **Carmel Foley**, Director of Consumer Affairs in Ireland.

Presentations

This panel began with a presentation by **Anna Fielder**, Director of the Office for Developed and Transition Economies at Consumers International, of the group's preliminary findings in the

consumers@shopping II study.⁶ Simulating normal consumer searches for goods, to date researchers in 10 countries ordered 303 items, most in time for Christmas 2000, for the study. When finished, it will include 390 items from 13 countries.

Ms. Fielder said that preliminary findings showed “worse than mediocre” results for the supply of basic information, with 28% of traders not supplying an address, 34% not mentioning a delivery time, and 62% giving no information on availability before finalising an order. She said that the study also indicated that service was still unreliable, with only 58% of items arriving within the time quoted, out of sites that gave any information on delivery time. In addition, information on contract terms and redress, privacy and security were also lagging.

In conclusion, Ms. Fielder said that the results demonstrate that where the *Guidelines* are specific, conditions are improving as compared to the results of their first consumers@shopping study, but still not good enough.⁷ There are big problems in areas where the *Guidelines* are viewed by Consumers International as being inadequate, such as in the areas of delivery and refunds, she said. There are also serious problems in areas dealing with rights, such as returns, cancellations, disputes, and jurisdiction.

Ms. Fielder’s presentation was followed by case studies based on a collection of recent, real life experiences of consumer shopping online, showing both effective and ineffective ways Web sites have implemented the *Guidelines*. An overview of such experiences was delivered by **Naja Felter**, Trade and Economics Issues Policy Officer for Consumers International, and **Kate Scribbins**, Research Consultant with Consumers International.

Their case studies focused on a number of criteria, phrased as questions: Does the Web site make it clear to the potential customer what range of countries it will do business with? Are the price and shipping charges clear? Do they tell you when you can expect the item you ordered to be delivered? Is there a returns policy and can it be found easily? Does the site address questions of applicable law, jurisdiction, and dispute resolution? Do they respect your privacy and what do they tell you about their privacy practices? How does the site protect your credit card details? Can you tell who you are dealing with and how to contact them? Do you have the option of reviewing your purchases before submitting your orders?

Good and bad examples of how Web sites treated each of these topics were presented, with identifying information removed from the sites. The good examples often had clear statements and were easy to use by consumers; the bad examples often were confusing, difficult to use and left out important information for consumers.⁸

Robert Mayer, a professor in the Department of Family and Consumer Studies at the University of Utah in the United States and a board member of the American Council of Consumer Interests, then presented reflections on his experiences as a US participant in the study. This entailed 30 purchases, two-thirds of which were from sites based in the United States.

⁶ The final report will be released later this year. At that time, more information will be available at: <http://www.consumersinternational.org/>.

⁷ For information on the consumers@shopping I study, consult: <http://www.consumersinternational.org/campaigns/index.html#electronic>.

⁸ Unlike the presentation at the Workshop, the consumers@shopping II study will disclose the identity of the Web sites.

Offering that he was asked to focus on post-delivery issues, Dr. Mayer noted that he saw many exemplary practices and that many of the worst fears people have about e-commerce were not realised. For example, when incorrect items were received, many sites were quick to refund, and others sent new items while also letting him keep the originally delivered item for free. However, he did note some significant problems that looked to be in violation of the *Guidelines* principles. They fell into six categories. First, some goods never arrived, and he did not hear from the sites until he followed-up. Second, he experienced difficulties in cancelling orders, particularly in cancelling hotel reservations. Third, Dr. Mayer experienced very slow delivery, often beyond the quoted time frame. Fourth, he detected a lack of awareness of the issues of jurisdiction, applicable law, and redress mechanisms. Fifth, he experienced tardy reimbursement. Sixth, he encountered a great deal of spam, despite never choosing to accept e-mail from sites.

In general, Dr. Mayer said, the key problematic issues for consumer trust that appeared to repeatedly emerge were related to delivery, return policies, and reimbursement policies.

Discussion

Speaking from the floor, participants raised a range of issues related to the study results. Among the points raised were the following:

Constanze Picking of DaimlerChrysler asked if there were any trends in the results seen by size of the business or by whether the company was exclusively online. (**Ms. Fielder** said that because of the methodology, meaningful comparisons by size could not be made. **Dr. Mayer** noted that large companies did do considerably better in a recent US-conducted privacy study, however.)

Colin Barry of Industry Canada asked whether the content of privacy policies had been examined, emphasising that the length of the policy often matters less than the content. (**Ms. Felter** said that they had evaluated the content, looking not only for lots of information, but good information.)

Morgan Baker of the International Chamber of Commerce noted that sharing the information with businesses is important so that they can be made aware of the results and improve accordingly. (**Ms. Felter** explained that the results will be available on the CI Web site, just as the consumers@shopping I results are available. There is no intention to send the results directly to the businesses reviewed.)

David Fares of the U.S. Council for International Business asked if reasons were compiled for why products did not arrive on time. (**Dr. Mayer** said that they did not systematically study that issue.)

David Mair of the European Commission asked whether there were conclusions as to compliance by European sites versus US sites. (**Ms. Felter** suggested that the study would reveal information on this. **Dr. Mayer** followed by saying that US sites, in particular, are oblivious to disclosures on jurisdiction and applicable law issues.)

Panel

Yvonne Stein, Senior Legal Adviser in the Consumer Policy Division of the Ministry of Justice in Sweden, said the only reasons for businesses to not provide good consumer protection are that they do not want to or they do not know how. She noted that the *Guidelines* have great potential in addressing the latter issue, but that they are not clear enough currently. She said that a complementary document is

necessary in order for Web site operators to be able to actually apply them in a way that is clear to users. In doing so, she stressed that co-operation is needed among all actors.

Hubert van Breemen, Senior Adviser at the Confederation of Netherlands Industry and Employers (VNO-NCW), stressed that it is important for information from this study and other surveys to be communicated to businesses. Experience shows that when they are contacted, they usually quickly correct the problems, he said. In addition, Mr. van Breemen noted that while it is natural to look at the negative results of a study, and to see room for improvement, it is also necessary to recognise that far from all businesses have bad consumer practices. As an example, he referred to representative research done by the European Commission and published in *Eurobarometer* in October 2000, which, among other things, reveals that 70.5% of the consumers who have made online purchases never had a negative experience.

Discussion

The floor was then re-opened for discussion. Among the points raised were the following:

Susan Grant of the National Consumers League in the United States said that she agreed with Ms. Stein that if the *Guidelines* were more clear in such areas as time limits for refunds, it would help both businesses and consumers. She also noted that site design is especially important and that a guide could be developed to help operators learn how to better display notices.

Dr. Mayer said that problem prevention is the key through consumer participation in education, monitoring efforts, expanding the *Guidelines* to non-OECD countries, and improving the *Guidelines*.

Ms. Picking said that it is now difficult for many businesses to know what exactly needs to be provided in terms of notices and disclosures. Businesses want to give the assurances that are necessary, and if they are missing now, she said, it is likely due to ignorance only. This shows why outreach to business is so important, she said.

Ms. Fielder raised the issue that it is important to encourage smaller sites. She used the *Which?* WebTrader code as an example of an effective tool and scheme that supports small businesses.

Nicole Fontaine of the Office of Consumer Protection in Quebec, Canada, further mentioned the importance of small businesses as suppliers. She suggested that the business organisations might want to work with small businesses to determine why they have difficulties delivering.

Chris Israel of AOL Time Warner said that good consumer policies and service are now a way for online services and sites to differentiate themselves and compete. In this way, effective policies are a premium that can be offered to consumers, and the competition for consumers in a very challenging marketplace can be a positive incentive for businesses to improve and serve consumers better.

Ms. Oelgaard, the Chair, concluded Day One by reminding participants that no one is guilty in this game; we are all stakeholders and we all have a role. The *Guidelines* are not meant to be perfect, she said, adding that not all offline transactions are perfect.

(End of Day One.)

Case Study Four

Keith Manch, Head and General Manager of the New Zealand Ministry of Consumer Affairs, moderated Case Study Four.

Presentation

The case study featured the presentation of information on the TrustUK scheme by **Pamela Taylor**, an e-Business Policy Adviser in the e-Business Group at the Confederation of British Industry. The TrustUK program was launched in July 2000 as a co-regulatory body run by the private sector.⁹ Its three objectives are to increase consumer confidence by creating a standard for online codes through a single trustmark, enhance small firms branding and promote self-regulation.

Ms. Taylor explained that the TrustUK scheme operates as an umbrella over code owners whose codes qualify for the trustmark. To be accepted, their codes must meet certain principles covering such items as transactional information and redress mechanisms. Currently three codes are part of TrustUK – DMA, *Which?* Web Traders, and the ABTA – and a fourth code is expected to be approved soon.

Among the lessons that can be learned from the TrustUK experience thus far, she said, are that consumer awareness is key, that the mark should attract major businesses, that funding should come from a range of sources, and that the mark should have cross-border recognition in order to be fully effective on the global Internet.

Discussion

Among points raised from the floor during a question-and-answer period were:

Susan Grant of National Consumers League, **Nathalie St. Pierre** of *Action Réseau Consommateur* and **Jean Ann Fox** of Consumer Federation of America all focused on the program's monitoring activities. They pressed for answers as to what criteria were used and to what extent monitoring was left up to the code owners themselves. **Martin Bond** of the United Kingdom answered that code owners do monitor themselves, but their monitoring must meet TrustUK standards and they must submit quarterly reports on the performance of the code to an independent committee.

Hubert van Breemen of VNO-NCW asked for more details on the breakdown of the codes. Ms. Taylor answered that most of the TrustUK companies come from the *Which?* Web Trader code; they are mostly small companies. Larger companies are found in the Direct Marketing Association (DMA) code. Travel companies are found in the Association of British Travel Agents (ABTA) code.

Maria Reiffenstein of Austria asked what the main differences were between the codes under the TrustUK umbrella. **Ms. Taylor** said the main differences came in questions of marketing policies, with some more restrictive than others; code owners can set out stricter principles than the minimum standards set by Trust UK.

⁹ See <http://www.trustuk.org.uk/>.

Jai-Ok Kim of Citizens' Alliance for Consumer Protection of Korea asked for examples of how TrustUK actually protects consumers. Ms. Taylor noted that it increases consumer confidence and that a review is now underway to measure its status.

Panel

Dirk Klasen, Economic Officer at the Association of Consumer Organisations in Germany, said that the development of trustmarks can be a good step for consumers as they search for reliable sites. However, he noted two problems that have emerged: First, consumers must know which trustmarks are reliable and these marks must be available. Second, there is a paradox in creating such reliable marks, as the higher the standards, the lower the number of applicants. He said TrustUK seemed to be a good example of how to try to meet these challenges, but he noted that there seemed to be wide latitude in the standard among the codes falling under the TrustUK umbrella.

In Germany, Mr. Klasen said, there are about eight to ten different trustmarks, but they do not appear ready to come together for a TrustUK-like model, with monitoring, funding and sanctions emerging as especially divisive issues. Nonetheless, he said, an international trustmark with a universally recognised label is an important goal. The recent EU initiative in this area could be a good first step.

Maria Bracho González, Federal Consumer Protection Attorney for Mexico, noted that Mexico does not have a tradition of codes or trustmarks, and that government regulation is usually favoured. From discussion, it seemed that the value of these schemes is for educating consumers and helping small enterprises with good commercial practices. Given this perspective, she said, it was not clear to her what the direct benefits are for consumers of such marks as TrustUK.

She said she is not sure that they really spark social recognition or really trigger confidence. In fact, **Ms. Bracho González** said, she believes that the vast number of codes could lead to confusion among consumers. In addition, she said she wanted to know whether there is a possibility of sanctions if a trader violated a code. (Ms. Taylor responded by saying that the penalty for violating the code would be to be thrown out of the program, which can be a powerful punishment when people know to look for the mark, such as among travel agents with the ABTA code.)

Mr. Manch concluded the case study by noting three areas of interest for future thought: how to design monitoring, how to increase the public's understanding of trustmarks, and how to move toward a more universal, one-logo approach.

Case Study Five

Keith Manch of New Zealand also moderated Case Study Five, the final case study.

Presentation

Chris Israel, Deputy Director of International Public Policy for AOL Time Warner, presented AOL's "Certified Merchants Program." The program, started in 1996, is part of the Shop @ AOL online shopping channel, which includes about 300 merchant partners and is available to both members of the

AOL service and to all Internet users.¹⁰ All merchants in the program must abide by set requirements as part of the formal terms they must accept in order to be placed on the Shop @ AOL channel.

The program includes third-party compliance monitoring, penalties for non-compliance (such as the loss of standing), consumer education, and feedback to merchants. Merchant partners must meet requirements in areas ranging from privacy and security to the provision of pricing, availability, warranty, and return policy information for AOL subscribers (or “members”) and non-subscribers alike prior to participation in the program. The Certified Merchant Program offers its partners a seal upon admission to the program; however, they are not required to post the seal. This is, in part, to allow flexibility to merchants who may have existing seal relationships.

Through the Certified Merchant Program, AOL offers additional benefits and protections to members of its online service. For instance, if a merchant does not comply with its own stated return policy, AOL provides a full, money-back guarantee. In addition, members can contact AOL, through a seven-day-a-week, 24-hour-a-day help centre, with questions, complaints or problems. Customer service representatives will then become involved on behalf of the member to seek a resolution by working directly with the Certified Merchants. Mr. Israel said that on average about 3 500 inquiries come in per week, with the most common topics being order status and returns. Approximately 95% of all member issues have been resolved in the member’s favour, Mr. Israel said.

Discussion

Some of the points raised from the floor during discussion included the following:

Susan Grant of National Consumers League asked why some merchant partners would not want to display the program’s seal on their site. (Mr. Israel said it is not required and that some companies prefer not to put the label on their site for a variety of legitimate reasons. However, he noted, all merchants on the AOL shopping channel must be members, so consumers know when going through the channel that they will be going to merchants who are part of the program, whether or not they display the seal.)

Vanessa Holliday of the Australian Competition and Consumer Commission asked what the cost would be for small and medium businesses to come into compliance with the requirements of the AOL program. (Mr. Israel said the answer would vary by company, depending upon the level at which they start. However, AOL believes that all of the issues raised by compliance to the Certified Merchant Program address relevant and responsible practices that all businesses, regardless of size, must address in order to be successful.)

Chuck Bell of Consumers Union in the United States said it was important for all sites to be up front about whether they do not ship to certain countries and to clearly present the shipping costs that would be associated with shipping from one country to another.

Panel

Alison Hopkins, Senior Policy Officer at the National Consumer Council in the United Kingdom, said there are often significant differences between what codes and standards state and what happens in practice. She said that she bought products during a previous Consumers International study

¹⁰ See <http://www.aol.com/>.

from eight sites listed on AOL from the United Kingdom, and found problems at each of them. The problems included a lack of information on return policies, a lack of information on what countries they deliver to, privacy policies that were not protective enough, and late-arriving goods.

The main point, she said, is that monitoring is key. What is promised on the screen must be reconciled with what actually happens in practice.

Petra Smits, Senior Policy Advisor in the Electronics, Services and Information Technology Department of the Ministry of Economic Affairs in The Netherlands, noted that she is pleased to see that the private sector is creating programs like that offered by AOL. She said that the Dutch perspective is to leave protections as much to the market as possible and help foster dialogues to advance the goals.

She said that she noticed that the AOL program was much like the *Guidelines* in structure, allowing much flexibility by merchants. Later, she added that consumers might believe the seal means they are getting a common level of protection across sites. But, in reality, the standards can change dramatically depending on which site the consumer visits. The consumer would have to look at individual policies to see what protections are offered.

Mr. Israel, responding to the panellists, said that AOL/UK had not yet engaged in the Certified Merchant Program, but he would alert AOL/UK of the problems. As for the flexibility of the AOL requirements, he said that the program attempted to give basic requirements that would ensure that there was commonality in key areas. But, he said, it would be hard for AOL to dictate the precise implementation of exact requirements for its merchant partners to meet in all areas. That flexibility is important from a business perspective.

Session Four: Education and Awareness

Session Four explored innovative means to educate, on a global scale, consumers, businesses and governments about consumer protection in the online environment. Representatives of consumer organisations, businesses and governments were also invited to present their activities in this area.

Ms. Oelgaard, the Chair, began Session Four by reminding participants of new OECD consumer policy Web pages featuring a catalogue of consumer e-commerce education materials and a listing of consumer protection authorities in Member countries. She asked participants to visit the pages – available at <http://www.oecd.org/dsti/sti/it/consumer/> - and send to the OECD Secretariat any updated links.

Session Four was moderated by **Brigitte Le Tavernier** of the Bureau of Consumer Law of the Ministry of the Economy, Finance and Industry of France.

Presentations

Kellie Cosgrove, Attorney-Advisor at the Federal Trade Commission of the United States, presented a preview of the multi-national consumer protection partnership, econsumer.gov, which is spearheaded by the International Marketing Supervision Network (IMSN). The project involves the creation of a public Web site for consumers focusing on international e-commerce and a non-public Web site for international consumer protection agencies.

At the public site, she said, consumers will be able to file Internet cross-border complaints, link to relevant government sites and obtain consumer information materials. At the password-protected, non-public site, consumer protection agencies will be able to access cross-border complaints, share alerts about complaints, and monitor cross-border complaint trends. In order to participate, an agency must sign a confidentiality agreement for the complaint data.

Ms. Cosgrove said all stakeholders stand to benefit from the econsumer.gov initiative. Consumers can voice cross border complaints; governments can promote consumer confidence; the IMSN can move forward on information sharing; law enforcement authorities can bring faster, better cases because of the centralised data; and consumer policy agencies can educate consumers on a global scale.

Constanze Picking, Senior Manager for Trade and E-Business at DaimlerChrysler, described some of the international education and awareness programmes with which DaimlerChrysler is involved. Perhaps the most prominent is the Global Business Dialogue on E-Commerce (GBDe), a world-wide, CEO-driven effort. The GBDe has 64 members (of which most are big businesses) and nine working groups, including one on consumer confidence. Main topics of consideration in that group are ADR, trustmarks and privacy. There are also a number of outreach efforts underway, including the construction of a consumer confidence Web site (at <http://consumerconfidence.gbde.org/>) and meetings with consumer organisations.

In addition, Ms. Picking said, DaimlerChrysler is active in D21, a German initiative focusing on the transformation of the country from an industrial society to an information society. As part of the initiative, she said, a code of conduct has been created and there is work on creating a better platform for companies who want to participate in that code.

In general, she said, she has seen two main obstacles in the field of international e-commerce consumer protection for businesses: First, different approaches to consumer protection within the EU

render coherent EU-wide e-business difficult. Second, she said, conditions for self- and co-regulation initiatives should be clarified and supported by the European Commission.

Chuck Bell, Programs Director for Consumers Union in the United States, said his organisation distributes consumer education materials through a range of publications, newsletters, books, magazine sections, and media syndication networks. About 4 million people subscribe to the *Consumer Reports* magazine in the United States, he said. Its contents are now available online (at <http://www.ConsumerReports.org>), with online subscription levels expected to increase over the next four years. There are currently about 500 000 online subscribers.

The online edition is searchable and contains four years of archives, interactive consumer forums and ratings of shopping sites. As part of the “e-ratings” program, Mr. Bell said, experts rated more than 130 sites in 15 categories from apparel to appliances, electronics, books and music, and food and gifts. Factors in the ratings included content, usability and site policies (on, for example, security, privacy and shipping). There also have been in-depth reports on specific Web topics, such as travel sites, Internet privacy, shopping for pharmaceuticals, filtering software, and how to research medical topics online. He said a new initiative is the Web Credibility Project, which aims to address the often-deceptive blending of information and advertising on many sites by informing the public, establishing best practices and incorporating credibility into the e-ratings.

In general, Mr. Bell said, consumer organisations have an important role as independent evaluators and watchdogs. A strong public sector role is needed to protect against deceptive practices and other problems faced by consumers.

Discussion

Ms. LeTavernier opened discussion on the presentations by noting that the three presentations offered complementary approaches to consumer education.

Other points raised from the floor included questions to Ms. Cosgrove about the confidentiality and accuracy of consumer complaint information in the econsumer.gov system. She answered that law enforcement agencies can get all the data after signing the confidentiality agreement while policy agencies can only obtain trend data. As for accuracy, she said that she believes the data is quite accurate, especially because consumers enter it directly without going through a third party as they would in making telephone complaints.

Participants also asked about how submitting complaints in different languages could affect the use of overall data by individual countries’ law enforcement authorities. **Michael Donohue** of the US FTC explained that they were hoping to alleviate the problem by using highly standardised forms with words that easily could be translated into a variety of languages.

Another question was concerned with how applicable law would be ascertained. **Ms. Cosgrove** explained that such an issue was beyond the purpose of the database, but each country can search for complaints about businesses and complaints from consumers within its own jurisdiction.

Other points in discussion included the following:

Sarah Andrews of the Electronic Privacy Information Center in the United States asked if econsumer.gov will collect privacy complaints. FTC Commissioner **Mozelle Thompson** answered that the matter will be discussed at the IMSN meeting in April.

Hubert van Breemen of the VNO-NCW asked how the system will cope with complaints that are acted upon and resolved quickly by merchants, and **David Fares** of the US Council for International Business asked whether a company will be offered an opportunity to respond to complaints. **Ms. Cosgrove** and **Mr. Thompson** replied to both questions by saying that much will depend on the approaches taken by individual countries. The FTC, they said, does not examine every single complaint; rather, officials there look for trends in the complaint data and then investigate.

Mr. Thompson closed the discussion by reminding participants that project details will still be discussed at the IMSN meeting at the end of April and that the material presented in this session is not yet public.

Session Five: Global Co-operation and Utilising International Co-operation to Extend the Reach of the Guidelines

The purpose of Session Five was to explore *Guidelines*-related activities based on global co-operative efforts. Presentations included information on Internet sweep days, as well as co-operative activities among Member countries and with other fora in an effort to better understand what can be done to extend the benefits of the *Guidelines* beyond OECD.

Alexander Tettenborn, Deputy Head of Division at the Federal Ministry of Economics and Technology of Germany, moderated Session Five. He opened the session by noting that global co-operation must mean a global understanding of different legal systems and cultures. In this way, understanding and co-operation move together.

Presentations

Mozelle Thompson, Commissioner of the Federal Trade Commission in the United States, noted that a key aspect of the *Guidelines* is their call for countries to work together on consumer protection. He said that the United States is hard at work in this area, joining with other nations in fighting fraud, deception and other practices harmful to consumers.

Among actions that the United States has taken, he said, are reaching international co-operation agreements between law enforcement authorities. In July 2000, one such measure was signed with the Australia Competition and Consumer Commission (ACCC) to co-operate on enforcement activities and share access to the Consumer Sentinel complaints database. Other similar agreements have been reached with authorities in the United Kingdom and Canada.

There also have been joint law enforcement efforts. About 10% of FTC Internet actions have some international aspect to them, he said, including crackdowns on online scams, investigations into companies with assets scattered around the globe, and Internet “sweep” actions. In addition, the FTC is continuing to hold Internet investigation training sessions for international law enforcement officials and is working closely with the IMSN to overcome cross-border enforcement and information-exchange barriers. One key initiative in this regard is the econsumer.gov project, which was discussed in greater detail in Session Four.

Kenji Nagamatsu, Director of the External Affairs Office of the Consumer Policy Division of the Quality of Life Bureau of the Cabinet Office in Japan, addressed Japan’s efforts to boost international co-operation in consumer protection law enforcement. These activities have included participation in international Internet sweep days and domestic sweeps conducted by Japanese authorities (Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure and Transport, Japan Fair Trade Commission) based on domestic laws with an aim of increasing awareness of the *Guidelines*.

Japan has been particularly active in promoting international dialogue through the East Asia Consumers Policy Symposium, which is held in Tokyo this year, Mr. Nagamatsu said. Consumer policy experts from China, Korea and Thailand will be invited. Japan’s Fair Trade Commission also invites officials from Asian and African countries to training courses and exchanges relevant information with counterparts in other countries.

In addition, the country has been working to establish domestic rules concerning e-commerce through both government initiatives (such as new and amended legislation) and private sector initiatives

(such as guidelines and trustmark programmes). In conclusion, Mr. Nagamatsu said, it is important to extend co-operation both between the government and private sector and between governments of both OECD countries and non-member countries.

Vanessa Holliday, Director of the Compliance Branch of the Australian Competition and Consumer Commission (ACCC), announced preliminary results of an IMSN international Internet sweep that took place on 14-15 February and involved 48 agencies in 19 countries, examining more than 3 000 sites. The sweep was co-ordinated by the ACCC, and agencies were looking for compliance with principles outlined in the *Guidelines*.¹¹

Ms. Holliday said they found the lowest level of compliance overall in relation to disclosures on parental approval or minimum age requirements (38%) and geographic restrictions (45%). The highest levels of compliance were found in the provision of contact details – address (75%), e-mail (77%) and telephone number (76%).

Other preliminary findings included: 69% gave itemised costs for goods and services; 84% specified the applicable currency; 55% provided a policy on returns, exchanges and refunds; 54% allowed for returns, exchanges and refunds; and 42% had a privacy policy of some kind.

Discussion

Among the main points made during the discussion of the presentations were the following:

Susan Grant of National Consumers League said that enforcement is key to getting businesses to comply with the principles of the *Guidelines*.

Mr. Thompson replied that he agrees that enforcement can change behaviour in general, beyond the activities of the particular businesses targeted during an enforcement action. He said that enforcement activities during last year's holiday season affected overall business performance during this year's. In addition, Mr. Thompson said that results for US sites were apparently positively impacted by the *Guidelines*. For example, before their publication, he said, 28% had refund policies and 16% stated applicable currencies. Now, about 76% have refund policies and about 40% state applicable currencies.

Nathalie St. Pierre of *Action Réseau Consommateur* noted that follow-up with companies after a sweep to ensure that they change to come into compliance is important. (**Ms. Holliday** and **Mr. Thompson** said that in Australia and the United States, follow-up is planned. It will be up to individual countries to determine what to do with the sweep data, though, in terms of their own plans for follow-up.)

¹¹ A report on the sweep accompanying Ms. Holliday's presentation, along with a fact sheet, is available at: <http://www.oecd.org/dsti/sti/it/secur/act/Berlin/press.htm>. The report is also included in this document as Annex IV.

Session Six: Next Steps

Session Six was conducted as a moderated discussion among the audience participants. The Chair and the Secretariat acted as moderators, taking questions from the audience and inviting responses from the audience as well. The purpose of the discussion was to help advise the Committee on Consumer Policy on its future work in the area of protecting consumers in the global marketplace.

This final session was moderated by **Ms. Oelgaard**, the Chair, and **Risaburo Nezu**, Director of the Directorate for Science, Technology and Industry of the OECD. Mr. Nezu opened the discussion by noting that it is the right time for reflection on the *Guidelines* in terms of progress, weaknesses and the potential for making them even stronger. He emphasised that they were interested in hearing frank advice for future work and that, moving forward, no stakeholder could be a bystander in the discussion.

Ms. Oelgaard suggested five areas for examination: (i) promoting awareness among businesses and consumers, taking into consideration any cultural differences; (ii) how to navigate the emerging “jungle” of trustmarks, codes and other self-regulatory mechanisms that have emerged; (iii) whether the *Guidelines* themselves need to be adjusted and/or whether any additional documents are needed to bolster the *Guidelines*; (iv) how to encourage sweeps and other surveys that measure compliance; and (v) the importance of good statistical data in this field.

The floor was then opened for discussion. Among the main comments were the following:

- Implementation assessment using a peer-review could be utilised. This would involve reports by Member countries critiquing each others’ activities, with the reports open to input from both industry and consumer organisations. Outreach to non-member countries also is essential, especially as an increasing amount of e-commerce is expected to be conducted beyond the borders of OECD countries. (**Alan Asher** of Consumers International)
- There could be co-operation with the ISO consumer policy committee on guidelines and/or standards in the area of consumer protection. (**Nicole Fontaine** of the Office of Consumer Protection in Quebec, Canada)
- The *Guidelines* themselves could be made more specific in certain areas, such as on a time frame for delivery and refunds. Enforcement of laws is ultimately key. Codes are positive, but rules and laws that allow for enforcement are most important. There should be a fabric of enforcement, ADR programs, education, codes of conduct and legal rules to cover consumers. (**Susan Grant** of National Consumers League)
- Enforcement and monitoring efforts are important. There should be more co-operation among groups on sweeps and, in particular, on their methodologies so that comparisons could be made more easily. In addition, the sweeps should be looking at what happens in practice, not just what pledges are made by businesses in print. The same is true for assessing privacy policies and ADR mechanisms. In terms of codes and trustmarks, it is important for consumer groups and governments to be involved in their development, not only businesses. (**Nathalie St. Pierre** of *Action Réseau Consommateur*)
- One way to make the *Guidelines* more specific without going through arduous rounds of negotiation would be to build up a catalogue of best practices to accompany the *Guidelines*. In addition, the goal of creating a more globally recognised seal or trustmark is an important task, even if it will be difficult to accomplish. (**Anna Fielder** of Consumers International)

- Consumer protections for payment cardholders are an important aspect of e-commerce consumer protection. That section of the *Guidelines* could be expanded, particularly in terms of liability and the ability for consumers to correct mistakes globally. (**Jean Ann Fox** of Consumer Federation of America)
- A revision of the *Guidelines* would not be the right move now. There have been great improvements already. More are needed, but could be best accomplished now through efforts dealing with education and awareness, outreach and the development of better statistical data. (**Hubert van Breemen** of VNO-NCW of The Netherlands)
- The *Guidelines* need more time to play out in the marketplace before changes are made. Many of the private sector initiatives, such as codes of conduct, are so new that there has been little time for implementation. Education about the *Guidelines* is the key right now. (**David Fares** of the US Council for International Business)
- There may be much confusion on trustmarks and an emerging danger of too many seals. A certification body for them could be an answer. In general, the Committee on Consumer Policy should look to a more global approach. (**Gilles Angers** of the Office of Consumer Protection in Quebec, Canada)
- Countries could create their own guidelines to elaborate on the OECD *Guidelines*. Norway has done this, creating more specific and practical guidelines and distributed them to companies. (**Bente Overli** of The Consumer Ombudsman of Norway)
- It could be a substantial opportunity to broaden the discussion by meeting with APEC's consumer protection steering group to consider common approaches and principles on consumer protection. (**Keith Manch** of the Ministry of Consumer Affairs of New Zealand)
- It would be good to develop global or perhaps regional principles for codes and trustmarks to help consumers know what is behind the programs as their numbers increase. (**Yvonne Stein** of the Ministry of Justice of Sweden)
- Re-negotiating the *Guidelines* now might not be the best way to proceed in gaining more specificity. The list of best practices, including examples of claims that would be too vague and instructions for remedying them, would be a great way to achieve further elaboration. (**Robert Mayer** of the American Council on Consumer Interests and the University of Utah)
- If revisions are not to be made to the *Guidelines* now, then the good practices list is the right way to proceed. Detailed commentary and a variety of examples would be important in this document. (**Alison Hopkins** of the National Consumer Council of the United Kingdom)
- It is important to provide details on protections in multiple languages on Web sites. Often non-English speakers engaged in e-commerce must agree to terms without fully understanding them. When problems develop, they have little in the way of recourse. In the future, OECD consumer protection guidelines must be expanded to non-OECD countries to protect consumers in non-OECD countries. In addition, it is important for companies to shoulder some of the financial burden of consumer education, not only governments and consumer groups. (**Jai-Ok Kim** of the Citizens' Alliance for Consumer Protection of Korea)

- Trustmarks should be left to the private sector to deal with now. The OECD should focus on education, awareness and training. (**Takaya Ishida** of BIAC and the Mitsubishi Electric Corporation of Japan)
- Applicable law is still an important issue to address in the international e-commerce arena. Finding out-of-court solutions through ADR is good, but what happens if a case ends up in court? Then the questions of applicable law become paramount. (unidentifiable comment)
- Excessive weight should not be placed on education and awareness as the only steps forward. There should be a focus on developing international rules and standards; contacts should be made with standardisation experts to help in this process. (**Max Wiest** of the Federal Ministry of Economics and Technology of Germany)
- Consumers are very involved in business decisions currently. To stay in operation, a business must be in touch with consumer needs and desires. Consumers are always only a click away from the competition. (**Chris Israel** of AOL Time Warner)

Ms. Oelgaard closed the Workshop upon the conclusion of the moderated discussion, thanking the participants for their efforts over the two days.

ANNEX I

The following is the final Workshop Agenda. It also is available, with links to speaker biographies and presentations, at the Workshop Web site, accessed via the OECD consumer policy Web site at: <http://www.oecd.org/dsti/sti/it/consumer/>.

**CONSUMERS IN THE ONLINE MARKETPLACE
OECD WORKSHOP ON THE GUIDELINES -- *ONE YEAR LATER*
Berlin, Germany
13-14 March 2001**

Federal Ministry of Economics and Technology

*** sessions indicated in grey were closed to the press*

DAY ONE : Tuesday, 13 March 2001

8.00 – 9.30 REGISTRATION (*by invitation only*)

9.30 – 9.55 WELCOME REMARKS

Alfred TACKE
*Secretary of State, Federal Ministry of Economics and Technology
Germany*

Alexander MUELLER
*Secretary of State, Federal Ministry of Consumer Affairs, Food and Agriculture
Germany*

John DRYDEN
*Head of Division, Information, Computer and Communications Policy Division
OECD*

9.55– 10.00 INTRODUCTION

Jytte OELGAARD
*Chair, Committee on Consumer Policy
OECD*

10.00 – 11.00	I. STATUS OF CONSUMER ONLINE SHOPPING
10.00 – 10.15	Business-to-Consumer Statistics John DRYDEN <i>OECD</i>
10.15 – 10.30	Examples of Consumer Complaints from Consumer Sentinel Michael DONOHUE, Federal Trade Commission <i>United States</i>
10.30 – 10.45	Examples of Consumer Complaints from the WebTrader Scheme Michelle CHILDS, Consumers Association <i>United Kingdom</i>
10.45 – 11.00	Measures of Consumer Empowerment Online David FARES, U.S. Council for International Business <i>United States</i>
11.00 – 11.30	Coffee/Tea Break
11.30 – 1.00	II. GUIDELINES IMPLEMENTATION ACTIVITIES
11.30 – 11.45	Country Presentation 1 Michael JENKIN, Industry Canada <i>Canada</i>
11.45 – 12.00	Country Presentation 2 Merja SAARI, Consumer Agency <i>Finland</i>
12.00 – 12.15	Q&A
12.15 – 12.30	Country Presentation 3 Maria REIFFENSTEIN, Consumer Protection Directorate, Ministry of Justice <i>Austria</i>
12.30 – 12.45	Country Presentation 4 Hyung Wook KANG, Ministry of Finance and Economy <i>Korea</i>
12.45 – 1.00	Q&A
1.00 – 2.30	Lunch , <i>hosted by German Government</i>

2.30 – 6.00		III. CASE STUDIES: CONSUMER ONLINE TRANSACTIONS	
2.30 – 3.30	Interactive Case Study 1	Moderator:	Martin BOND, Department of Trade and Industry <i>United Kingdom</i>
		Presenter:	Joëlle FREUNDLICH, Cegetel SA Presenting: two sites that are members of ACSEL (Association for online commerce and services) (www.afcee.com) (www. Aquarelle.com, www.chapitre.com) <i>France</i>
		Panellists:	Nathalie ST. PIERRE, <i>Action reseau consommateur</i> <i>Canada</i>
			Tore MALTERUD, Ministry of Children and Family Affairs <i>Norway</i>
		Q&A	
3.30 – 4.00	Coffee/Tea Break		
4.00 – 6.00	Interactive Case Studies 2 and 3	Moderator:	Carmel FOLEY, Office of Consumer Affairs <i>Ireland</i>
		Presenters:	Anna FIELDER <i>Consumers International</i> Naja FELTER <i>Consumers International</i> Kate SCRIBBINS <i>Consumers International</i> Robert MAYER, American Council on Consumer Interests <i>United States</i>
		Panellists:	Hubert VAN BREEMEN, Confederation of Netherlands Industry and Employers (VNO-NCW) <i>The Netherlands</i>
			Yvonne STEIN, Ministry of Justice <i>Sweden</i>
		Q&A	
6.00	Day One concludes with remarks by CCP Chair		
6.30	Cocktail, <i>co-sponsored by Daimler Chrysler AG, AOL Time Warner and Confederation of Netherlands Industry and Employers (VNO-NCW)</i>		

DAY TWO : Wednesday, 14 March 2001

8.30 – 9.15	REGISTRATION
Participants must bring name badges from the previous day to gain admittance.	
9.15 – 9.30	INTRODUCTION AND OPENING REMARKS
Jytte OELGAARD, Chair <i>Committee on Consumer Policy, OECD</i>	
9.30 – 11.30	III. CASE STUDIES: CONSUMER ONLINE TRANSACTIONS (continued)
9.30 – 10.30	Interactive Case Study 4
	Moderator: Keith MANCH, Ministry of Consumer Affairs <i>New Zealand</i>
	Presenter: Pamela TAYLOR, Confederation of British Industry Presenting: TrustUK and CBI study (www.trustuk.org.uk) <i>United Kingdom</i>
	Panellists: Dirk KLASSEN, Association of Consumer Organisations <i>Germany</i>
	Maria BRACHO GONZALEZ, Federal Consumer Protection Agency <i>Mexico</i>
	Q&A
10.30 – 11.30	Interactive Case Study 5
	Moderator: Keith MANCH, Ministry of Consumer Affairs <i>New Zealand</i>
	Presenter: Chris ISRAEL, AOL Time Warner Presenting: AOL's certified merchants program (www.aol.com) <i>United States</i>
	Panellists: Alison HOPKINS, National Consumer Council <i>United Kingdom</i>
	Petra SMITS, Ministry of Economic Affairs <i>The Netherlands</i>
	Q&A
11.30 – 12.00	Coffee/Tea Break

12.00 – 1.00	IV. EDUCATION AND AWARENESS
Moderator:	Brigitte LE TAVERNIER, Ministry of the Economy, Finance and Industry <i>France</i>
12.00 – 12.10	Kellie COSGROVE <i>International Marketing Supervision Network (IMSN)</i>
12.10 – 12.20	Constanze PICKING, DaimlerChrysler and GBDe Working Group on Consumer Confidence <i>Germany</i>
12.20 – 12.30	Chuck BELL, Consumers Union <i>United States</i>
12.30 – 1.00	Q&A
1.00 – 2.30	Lunch , hosted by German Government

2.30 – 3.30	V. GLOBAL CO-OPERATION: UTILISING INTERNATIONAL CO-OPERATION TO EXTEND THE REACH OF THE GUIDELINES
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Moderator:	Alexander TETTENBORN, Federal Ministry of Economics and Technology <i>Germany</i>
2.30 – 2.40	Mozelle THOMPSON, Federal Trade Commission <i>United States</i>
2.40 – 2.50	Kenji NAGAMATSU, Cabinet Office <i>Japan</i>
2.50 – 3.00	Vanessa, HOLLIDAY <i>International Marketing Supervision Network (IMSN)</i>
3.00 – 3.30	Q&A
(3.30 – 4.00)	Informal Coffee/Tea Break

3.30 – 5.00

VI. NEXT STEPS

This session will be conducted as a moderated discussion among the audience participants. The Chair and the Secretariat will act as moderators and take questions from the audience and invite responses from the audience as well. There will be no panel. Questions to focus the discussion might include participants views on:

- The status of implementation of the Guidelines.
- How new innovative business models and the nature of the Internet might allow businesses to provide more effective protection.
- Whether there are gaps in protection and where necessary, what can be done to close the gaps.
- What can be done to further build consensus on international consumer protection laws.

The purpose of the discussion will be to help advise the Committee on Consumer Policy on its future work in the area of protecting consumers in the global marketplace. The session will conclude with brief remarks by the Secretariat and the Chair.

Moderators: Jytte OELGAARD
Chair, Committee on Consumer Policy
 OECD

Risaburo NEZU
Director, Directorate for Science, Technology and Industry
 OECD

The audience will serve as the discussants. There will be no presentations and no panellists.

5.00

WORKSHOP CONCLUDES

** **** **

ANNEX II

FINAL LIST OF PARTICIPANTS

ARGENTINA

Mr. Jose Luis LAQUIDARA

Co-ordinator
National Consumer Arbitration Courts
ARGENTINA

AUSTRALIA

Ms. Vanessa HOLLIDAY

Director
Compliance Branch, Australian Competition and
Consumer Commission
AUSTRALIA

Mr. John RILEY

Project Manager, E-commerce
Consumer Affair Division
Australian Department of Treasury
AUSTRALIA

AUSTRIA

Mrs. Maria REIFFENSTEIN

Head of Unit
Ministry of Justice
Consumer Protection Directorate
AUSTRIA

BELGIUM

Ms. Constanze PICKING

Senior Manager Trade and E-Business
Daimler Chrysler
BELGIUM

Ms. Diane STRUYVEN

Head of Legal Department
Federation of Belgian Companies
BELGIUM

Mr. Freddy VERKRUYSEN

Conseiller, Chef de Service
Ministère des Affaires Economiques-service défense
consommateurs et réglementation commerciale
BELGIUM

CANADA

Mr. Gilles ANGERS

Directeur
Office de la protection du consommateur
Québec
CANADA

Mr. Colin BARRY

Policy Analyst
Industry Canada
Office of Consumer Affairs
CANADA

Ms. Jannick DESFORGES

Responsable des services juridique et budgétaire
Option Consommateurs
CANADA

Ms. Nicole FONTAINE

Présidente
Office de la protection du consommateur
Québec
CANADA

Mrs. Susan GARDINER

Senior Policy Analyst
Industry Canada
Office of Consumer Affairs
CANADA

Mr. Michael JENKIN

Director General
Industry Canada
Office of Consumer Affairs
CANADA

Mme. Nathalie ST. PIERRE

Directrice Générale
Action Réseau Consommateur
CANADA

Mr. David WAITE

Director, Consumer Information and Coordination
Industry Canada
Office of Consumer Affairs
CANADA

CHINESE TAIPEI

Mr. Jens DAMM

Business Assistant
Chinese Taipei Representative Office in Germany
Economic Division
GERMANY

DSTI/CP(2001)5

Mr. Ching-Nan LIN

Senior Assistant
Taipei Representative Office in Germany
Economic Division
GERMANY

Mr. Joseph S. LIN

Chairman
Senior Partner/Attorney at Law
Net Consumers Association
CHINESE TAIPEI

Mr. Kuang-Hung LIN

Specialist
Consumer Protection Commission
CHINESE TAIPEI

CHILE

Mr. Antonino SERRA CAMBACERES

Legal Programme Co-ordinator
Consumers International - Regional Office for Latin
America & the Caribbean
CHILE

CZECH REPUBLIC

Mr. Karel PAVLIK

Vice Chairman of the Republic Committee
Consumers Defense Association of the Czech Republic
CZECH REPUBLIC

Mr. Petr ŠTEPÁN

Government Counsellor
Ministry of Industry and Trade
CZECH REPUBLIC

DENMARK

Ms. Susanne Bo CHRISTENSEN

Head of Section
The National Consumer Agency of Denmark
DENMARK

Ms. Anette HOEYRUP

Senior Legal Advisor
The Danish Consumer Council
DENMARK

Mr. Niels Erik JENSEN

Director General
The National Consumer Agency of Denmark
DENMARK

Mrs. Jytte OELGAARD

Head of Division
The National Consumer Agency of Denmark
DENMARK

FINLAND

Ms. Merja SAARI Senior Legal Advisor
Consumer Agency & Ombudsman
FINLAND

FRANCE

Mr. Morgan BAKER Policy Analyst
International Chamber of Commerce
FRANCE

Mr. Didier ETIENNE Chargé de la mission commerce électronique
Ministère des Finances - Direction générale de la
concurrence, de la consommation et de la répression des
fraudes
FRANCE

Ms. Joëlle FREUNDLICH Segetel, SA
Regulatory and External Affairs
FRANCE

Ms. Brigitte LE TAVERNIER Délégation française au CPC
Ministère de l'Economie des finances et de
l'industrie/DGCCRF
FRANCE

GERMANY

Mr. Martin CRONENBERG Director
Federal Ministry of Economics and Technology
GERMANY

Mr. Rudolf GRIDL Federal Ministry of Economics and Technology
GERMANY

Mr. Henning GRUB Federal Ministry of Economics and Technology
GERMANY

Mr. Dirk KLASSEN Economic Adviser
German Association of Consumer Organisations
GERMANY

Mr. Stefan KÖHL Bosch und Siemens Hausgeräte GmbH
GERMANY

Mr. Herbert PFEIFFER Stv. Leiter des Zentrums
OECD Berlin Centre
GERMANY

Mr. C ROLLE Bundesverband der Deutschen Industrie
GERMANY

Mr. Joerg SCHMIDT Federal Ministry of Economics and Technology
GERMANY

Mr. Alexander TETTENBORN Federal Ministry of Economics and Technology
GERMANY

Mr. Bernd-Wolfgang WEISMANN Head of Unit
Federal Ministry of Economics and Technology
GERMANY

Mr. Max WIEST Head of Unit, Consumer Policy
Federal Ministry of Economics and Technology
GERMANY

GREECE

Ms. Dimitra KYRIAKOPOULOU Administrator
General Secretariat for Consumers
Consumer Policy Section
Directorate for Consumer Policy
Ministry of Development
GREECE

Mr. Ioannis SIDIROPOULOS Director
KEPKA-Consumers' Protection Centre
GREECE

HONG KONG, CHINA

Ms. Nancy KWOK Senior Research & Survey Officer
Hong Kong Consumer Council
HONG KONG, CHINA

HUNGARY

Mr. György BODA Head of Department, International Relations
General Inspectorate of Consumer Protection
HUNGARY

Mr. József BOLDIZS Chief Counsellor
Ministry of Economic Affairs
HUNGARY

Ms. Agnes KERTESZ Legal Expert
Ministry of Justice
HUNGARY

IRELAND

Ms. Carmel FOLEY Director
Office of the Director of Consumer Affairs
IRELAND

ITALY

Mrs. Luisa CRISIGIOVANNI

Responsible Relations Extérieures
Comitato Consumatori Altroconsumo
ITALY

Mr. Gianfranco NITTI

Italian Delegation to CCP, OECD
Ministère de l'industrie
ITALY

Mr. Alessandro PALMIGIANO

Lawyer
C.N.C.U Italian Consumer Organisation
ITALY

JAPAN

Mr. Takaya ISHIDA

Vice-Chairman, BIAC ICCP Committee
Senior Chief Researcher, Corporate Research &
Development,
Mitsubishi Electric Corporation
JAPAN

Mr. Takeshi MURAMOTO

Director, Lawyer
Consumer Law News Network
JAPAN

Mr. Kenji NAGAMATSU

Director
External Affairs Office, Consumer Policy Division,
Quality-of-Life Policy Bureau, Cabinet Office
JAPAN

Mr. Hiroki OWAKI

Counsellor
Permanent Delegation of Japan to the OECD
JAPAN

Mr. Takeshi SHINAGAWA

Second Secretary
The Japanese Embassy in Berlin
GERMANY

Mr. Yuichi TERAOKA

Director
Consumer-Related Trade Division,
Fair Trade Commission
JAPAN

Mr. Zentaro YAMASHITA

Deputy Director
Consumer Protection Division, Commerce and
Information Policy Bureau,
Ministry of Economy, Trade and Industry
JAPAN

KOREA

Mr. Jong-Yoon JEON

Assistant Director
Ministry of Foreign Affairs and Trade
Economic Organisation Division
KOREA

Mr. Weon-kyoung JO

Deputy Director
Ministry of Finance and Economy
KOREA

Mr. Yong-Sik JOO

Counsellor
Permanent Delegation of Korea to the OECD, Paris
FRANCE

Mr. Hyung-Wook KANG

Director
Ministry of Finance and Economy
Consumer Policy Division
KOREA

Ms. Jai-Ok KIM

Executive Director
Citizens' Alliance for Consumer Protection of Korea
(CACPK)
KOREA

Mr. Byung-Rhae LEE

Senior Deputy Director
Financial Supervisory Service
KOREA

Mr. Ki-sob OMM

Team Leader
Korea Consumer Protection Board
KOREA

Mr. Yong-chul SHIN

Head
Financial Supervisory Service
KOREA

MALAYSIA

Ms. Geetha VELOO

Programme Officer, Trade and Economics
Consumers International, Regional Office for Asia and
the Pacific
MALAYSIA

MEXICO

Ms. Maria Eugenia BRACHO GONZÁLEZ

Federal Consumer Protection Attorney
Federal Consumer Protection Agency
MEXICO

THE NETHERLANDS

Ms. Petra SMITS Senior Policy Advisor
Ministry of Economic Affairs
NETHERLANDS

Mr. Klaas SMIT Campaign Leader (Digital Consumer)
Consumentenbond
NETHERLANDS

Mr. Hubert VAN BREEMEN Chairman, BIAC Task Group on Consumer Policy
Confederation of Netherlands Industry and Employees
(VNO-NCW)
NETHERLANDS

Mrs. Marie-Angèle WEESING-VIERHOUT Policy Advisor
Ministry of Economic Affairs
NETHERLANDS

NEW ZEALAND

Mr. Keith MANCH General Manager
Ministry of Consumer Affairs
NEW ZEALAND

NORWAY

Mr. Tore MALTERUD Director General
Ministry of Children and Family Affairs
NORWAY

Ms. Bente OVERLI Acting Head of Division
The Consumer Ombudsman
NORWAY

POLAND

Mr. Krzysztof FRELISZEK Advisor to the President of Polish National Bank
Polish National Bank
POLAND

Ms. Anna MAZURAK Expert
Office for Competition and Consumer Protection
POLAND

Mrs. Malgorzata NIEPOKULCZYCKA President
Polish Consumer Federation
POLAND

Mrs. Anna PIECHOCKA

Specialist
Ministry of Economy
Department of Trade and Services
POLAND

PORTUGAL

Ms. Maria Do Ceu COSTA

Head of Department of Studies of the Market
Consumers Institute
PORTUGAL

SLOVAK REPUBLIC

Mrs. Adriana LEHOTSKA

ING./Economist
Ministry of Economy
SLOVAK REPUBLIC

SLOVENIA

Ms. Breda KUTIN

President
Slovene Consumers' Association
SLOVENIA

SOUTH AFRICA

Mr. Mokgoatji DOLAMO

Chairman
Consumer Institute South Africa (CISA)
SOUTH AFRICA

SPAIN

Mrs. Guadalupe CASADO CONDE

Chef de seccion. Subdireccion Control y Ordenación de
Consumo
Instituto Nacional de Consumo
SPAIN

Mr. Fernando MONER ROMERO

Chairman
Asociación du Comidores, AVACU
SPAIN

SWEDEN

Mrs. Marianne BLOURQUIST

Head of Section
Swedish Consumer Agency
SWEDEN

Mrs. Yvonne STEIN

Senior Adviser
Ministry of Justice
SWEDEN

UNITED KINGDOM

Mrs. Linda ARNOLD Head of E-Commerce Section
Consumers Affairs Division
Office of Fair Trading
UK

Mr. Alan ASHER Global Campaigns Director
Consumer International
UK

Mr. Martin BOND Assistant Director
UK Department of Trade and Industry
UK

Mr. Mark CARVELL International Communications Policy Advisor
Department of Trade and Industry
Bay 208 Communications and Information Industries
Directorate
UK

Ms. Michelle CHILDS Head of Policy Research
Consumers' Association
UK

Ms. Naja FELTER Policy Officer E-Commerce and Trade
Consumers International
UK

Mrs. Anna FIELDER Director of Office for Developed and Transition
Economies (ODTE)
Consumers International
UK

Ms. Alison HOPKINS Senior Policy Officer
National Consumer Council
UK

Ms. Kate SCRIBBINS Research Consultant
Consumers International
UK

Ms. Pamela TAYLOR E-Business Policy Advisor
Confederation of British Industry
UK

UNITED STATES

Ms. Sarah ANDREWS Policy Analyst
Electronic Privacy Information Center
USA

Mr. Charles W.F. BELL	Programs Director Consumers Union of U.S., Inc. USA
Ms. Kellie COSGROVE	Attorney Advisor Federal Trade Commission USA
Mr. Michael DONOHUE	Attorney Federal Trade Commission USA
Mr. David FARES	Director, Electronic Commerce U.S. Council for International Business USA
Mrs. Jean Anne FOX	Director of Consumer Protection Consumer Federation of America USA
Mr. Patrick R. GASTON	Executive Director, Strategic Alliances Verizon Communications USA
Ms. Susan GRANT	Vice President, Public Policy National Consumers League USA
Mr. Chris ISRAEL	Deputy Director, International Policy AOL Time Warner USA
Ms. Margaret KESHISHIAN	Commercial Advisor US Mission to the OECD. Paris FRANCE
Ms. Kay KUHLMAN	Commercial Minister US Embassy Berlin GERMANY
Dr. Robert N. MAYER	Professor, Dept. of Family and Consumer Studies American Council on Consumer Interests (USA), University of Utah USA
Mrs. Patricia SEFCIK	Director Office of E-Commerce, US Department of Commerce USA
Mr. Gerald THAIN	Professor of Law Uni. Of Wisconsin Law of School USA

Mr. Mozelle THOMPSON Commissioner
Federal Trade Commission
USA

EUROPEAN COMMISSION

Mr. David MAIR Administrator
European Commission

Mr. Michel VAN HUFFEL Principal Administrator
European Commission

OECD SECRETARIAT

Mr. Risaburo NEZU Director for Science, Technology, and Industry
OECD

Mr. John DRYDEN Head of Division
OECD

Ms. Anne CARBLANC Principal Administrator
OECD

Ms. Valérie DELAHOULIERE Principal Administrator
OECD

Ms. Dawn FRIEDKIN Administrator
OECD

Mr. Stephen FUZESI OECD

Ms. Asako TAKAHASHI OECD

ANNEX III

The following is a paper on “Business-to-Consumer E-Commerce Statistics” that serves as an addendum to the Session One presentation by John Dryden of the OECD Secretariat. It also is available online in the “related documents” section of the Workshop Web site, which can be accessed through the link at: <http://www.oecd.org/dsti/sti/it/consumer/>.

BUSINESS-to-CONSUMER E-COMMERCE STATISTICS

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BUSINESS-TO-CONSUMER E-COMMERCE STATISTICS

Introduction

To better inform the Committee on Consumer Policy's work on ensuring effective protection for consumers in the online marketplace, this document provides a quantitative overview of the status of business-to-consumer (B2C) e-commerce. Much of the data referenced is derived from private sources, because statistical offices of Member countries are only beginning to collect such data.

This paper begins with a discussion of the methodological challenges involved in quantifying e-commerce activity around the globe. Examples are presented in the following section of different estimates for total B2C e-commerce, as well as estimates of e-commerce distribution by sector/product and by geography. The paper then includes a brief overview of the relationship between access and pricing issues and the potential for e-commerce development. Turning to conclusions, the paper discusses the expected path of B2C e-commerce sales in the near future and the importance of gathering more data on B2C e-commerce.

Methodological issues

Until recently, there has been no internationally-agreed definition of what e-commerce is. It is therefore difficult to compare estimates of its size, breakdown and growth (OECD, 1999a; OECD 2000a). A variety of sources produce estimates, including IT market research firms, investment banks, and increasingly, national statistical offices. Not only are their definitions different, but the methodologies are often not comparable, leading to a wide range of estimates and forecasts. In addition to estimating the value of online purchases, different types of indicators can be used to collect additional information on B2C e-commerce; for example, the number of people who have purchased items online and the frequency of purchases. Although difficult to size, all studies agree on the fact that many facets of this economic activity are growing quite rapidly; a recent study estimates that about 40% of all Internet users have made at least one online purchase (Angus Reid, 2000).

Figure 1 presents a broad set of indicators about B2C e-commerce for selected OECD countries, while Annex 1 presents a more comprehensive list of indicators which can be used to measure B2C e-commerce activities in both quantitative and qualitative terms.

Figure 1. B2C e-commerce indicators in selected OECD countries for 2000 or latest available year

	Value of transactions (USD million)	Penetration rate of retail sales (%)	Number of buyers ('000's)	Number of buyers as a percentage of Internet users (%)	Internet shoppers as a percentage of working age population (%)
United States	25 845	1.01	19 666	27	16
Japan	7 644	0.26	..	20	6
Germany	1 199	0.30	1 370	17	5
France	345	0.14	310	7	2
Italy	194	0.09	360	7	1
United Kingdom	1 040	0.37	970	18	5
Canada	774	0.26	811	12	4.0
Australia	380	0.36	1 335	10	4
Austria	96	0.23	120	13	2.2
Belgium	82	0.16	90	11	3
Denmark	193	0.20	90	16	9
Finland	51	0.22	160	10	4.7
Greece	..	..	30	11	0.4
Ireland	..	..	40	13	1.6
Korea	1 008	1.0	2 140	15	7.7
Netherlands	182	0.34	320	12	5
Norway	61	0.26	100	19	11
Portugal	..	..	50	10	1
Spain ¹	70	0.06	220	7	1
Sweden	232	0.68	260	10	4.6
Switzerland	127	0.29	130	12	2.7

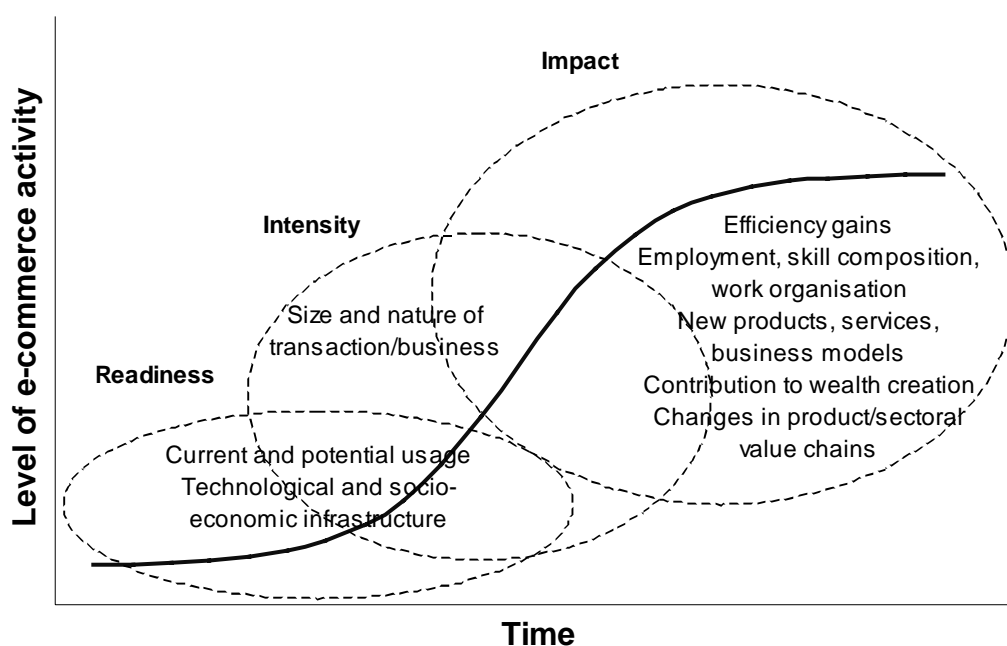
1. Portugal and Spain have been combined in the total transaction value and penetration rate of online sales.

Source: OECD based on various sources including OECD (2000d); E-Commerce Promotion Council of Japan (ECOM) (2001), ABS (2000); NOIE (2000), Nua (2000), Taylor Nelson Sofres (2000a), NCA/MIC (2000).

OECD work

Following the Ottawa Ministerial Conference on E-Commerce (October 1998) an Expert Group from the Working Party on Indicators for the Information Society (WPIIS) was established to “compile definitions of electronic commerce which are policy relevant and statistically feasible”. In April 2000 a joint WPIE/WPIIS meeting was held and agreement was reached on a provisional framework and follow-up strategy (OECD, 2000a; OECD, 2000b). This framework consists of a set of definitions, a preliminary list of indicators for measurement, and a strategy for developing and refining future work. The framework is intended to assist OECD countries in developing their own statistical programmes for measuring e-commerce and improve international comparability, although it carries no binding obligation on countries to apply the definition or modify existing statistical procedures.

Ongoing analytical work at the OECD uses a life-cycle model to highlight three broad phases of e-commerce growth (Figure 2). Each phase can be measured with different sets of indicators which also correspond to different policy concerns for governments (OECD, 2000a; OECD 2000c, chapter 3). Many of the widely available indicators (from both public and private sources) refer to the “readiness” phase of the cycle. In the OECD framework, however, estimates of e-commerce transactions usually focus on the “intensity” phase, *i.e.* measuring the size and nature of these transactions.

Figure 2. Measuring e-commerce

Source: OECD (2000c).

When focussing on transactions, the OECD's working definition of an electronic transaction (*transaction*) is a "sale or purchase of goods or services, whether between businesses, households, individuals, governments, and other public or private organisations, conducted over computer-mediated networks" (OECD, 2000b). This definition includes orders placed over a network, regardless of whether or not the payment and the delivery took place online. Other definitions only include Internet protocol-based networks (*i.e.* excluding Electronic Data Interchange (EDI) or other proprietary systems); others only include orders with online payment. This paper will focus on estimates of the value of these *transactions*, with particular emphasis in differences between countries and product groups.

Examples of estimates

Total B2C e-commerce

Estimates for B2C e-commerce vary widely depending on the source. Figure 3 and 4 show a range of estimates for Canada, Europe and the United States from a variety of private sector sources. It is difficult to compare these figures given the differences in methodologies (OECD, 1999b), which result in some cases in estimates that vary by a factor of two. Annex 2 compares various estimates and methodologies, while Annex 3 presents a more detailed technical explanation of how a particular example of a transaction estimation model is constructed, and how estimates are produced for each country and product group.

Figure 3. Estimates and forecasts of business-to-consumer e-commerce in Canada, Europe, the United States and the world, 1999 and 2003

In billions of USD

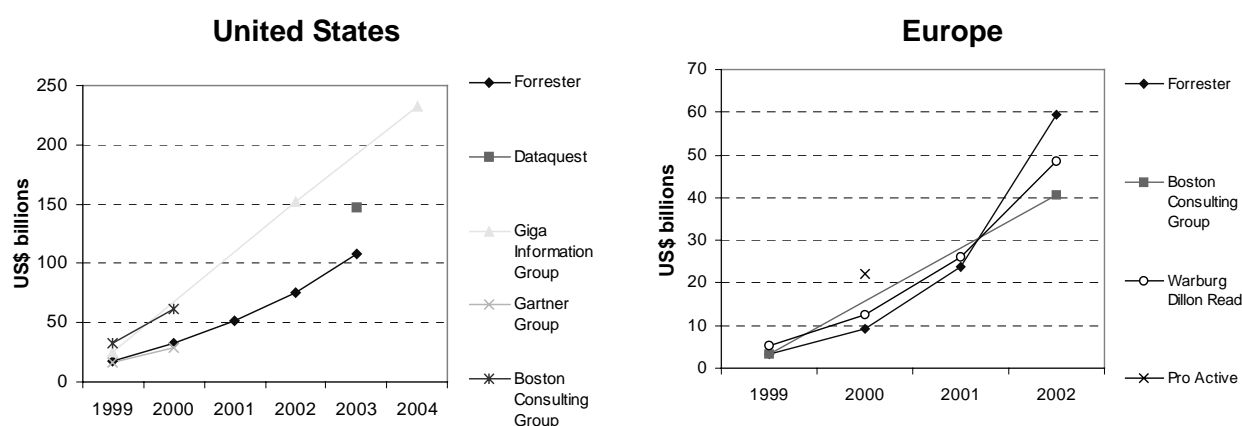
	1999	2003
Canada	1.0-1.9	8.5-16.8
Europe	3-5	40-60
United States	17-33	75-150
World total	20-40	144-380

Forecasts for Europe are for 2002.

Source: OECD based on various sources.

Figure 4. B2C e-commerce estimates for the United States and Europe

In billions of USD



Source: OECD based on various sources.

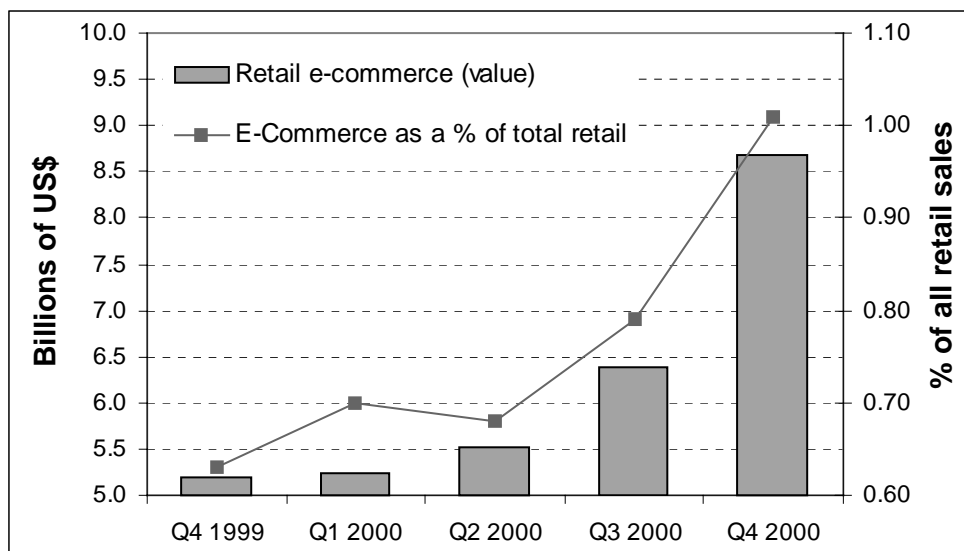
Statistical organisations in some OECD countries have begun to collect data on e-commerce, although the surveys do not necessarily use the same categorisation between B2C and B2B. Nonetheless, these surveys do provide insights into online consumer behaviour as they usually distinguish retail from wholesale trade.

Since 2000, the US Department of Commerce has been publishing data on quarterly online retail sales¹². Figure 5 presents data for the last five quarters. Online retail sales grew from less than USD 5.2 million in the last quarter of 1999 (or 0.63% of all retail sales), to almost USD 8.7 billion one year later (accounting for 1% of total retail sales). The total value of online retail sales (USD 25.8 billion for the year 2000) should be considered as a lower bound for B2C e-commerce and is not directly comparable with private sector estimates as it excludes certain categories which are included in other surveys, such as online travel services, financial intermediaries, and ticket sales agencies. As an illustration, a monthly survey conducted by the National Retail Federation (NRF) and Forrester Research (Online Retail Index), if adjusted to exclude airline tickets and hotel reservations, estimates online retail to be more than 40% higher (almost USD 37 billion in 2000).

12. A recent report by the US Department of Commerce estimates that B2C accounted for less than 10% of all e-commerce transactions in the United States during 1999 (US Department of Commerce, 2001).

Figure 5. Quarterly retail e-commerce sales in the United States, 1999-2000

Sales in billions of USD and share in %

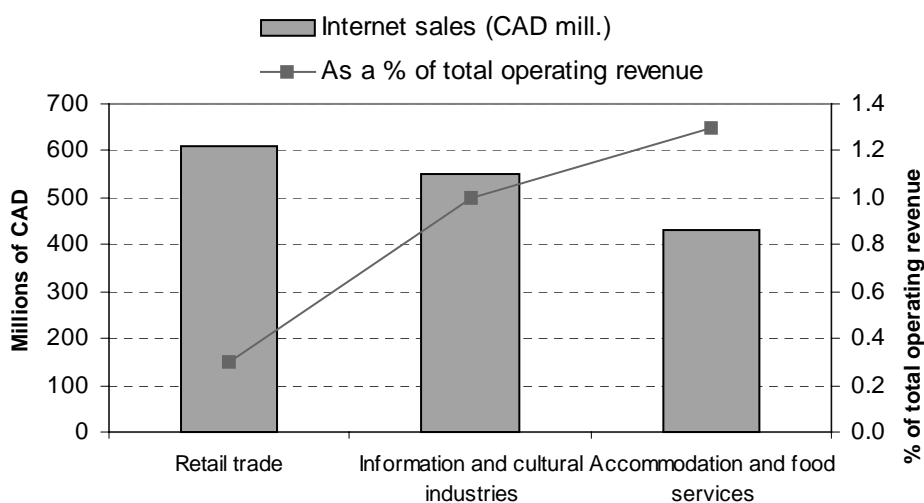


Source: US Department of Commerce, <http://www.census.gov/mrts/www/current.html> (February 2001).

Canada published its first official figures on Internet sales in mid-2000 (Statistics Canada, 2000a). Total Internet sales (which include both purchases by consumers and firms) reached CAD 4.4 billion during 1999. In the retail trade sector, sales in 1999 were CAD 610 million, or 0.3% of total operating revenue of the sector (Figure 6). In other sectors where consumers account for the largest component of purchases, Internet sales accounted for a much larger share of total sales (1% in the information and cultural industries sector; 1.3% in accommodation and food services sector).

Figure 6. Internet sales in selected sectors Canada, 1999

Sales in millions of CAD and shares in %



Source: Statistics Canada, ICT and E-Commerce Survey (August 2000).

A more recent study of Canadian Internet shopping (Statistics Canada, 2001) estimates that the value of online orders placed by households reached CAD 417 million in 1999. During that year, 15.3% of all Canadian households used the Internet for some aspect of Internet shopping, either for gathering information, or for placing orders online.

The Electronic Commerce Promotion Council of Japan recently estimated that the B2C market in Japan would grow rapidly in the next 4 years, from an estimated size of JPY 824 billion (USD 7.6 billion) in 2000, to around JPY 13.3 trillion (USD 123 billion) in 2005 (ECOM, 2001). However, it should remain far smaller than the B2B market, which is expected to reach JPY 110 trillion (USD 1 trillion) by 2005, against JPY 22 trillion (USD 204 billion) in 2000. According to this study, direct comparison of B2C e-commerce in Japan and the United States, in terms of relative intensity (the ratio of B2C e-commerce to total private sector spending by product segment traded), shows that Japan should reach the 2000 US level by 2003.

One of the main factors behind the rapid growth of the Japanese B2C market is the explosion of cellular phone Internet services. This new mobile commerce (“m-commerce”) market is currently estimated at some JPY 60 billion (USD 557 million). The rapid growth of m-commerce and the future expansion of broadband networks, such as IMT-2000 (third generation mobile telecommunication technology) are expected to further boost the development of B2C e-commerce. Mobile commerce accounted for less than 7% of the total B2C electronic commerce in 2000, but should grow to reach a share of 18% by 2005¹³.

Denmark recently published its first official figures on Internet commerce – based on a narrow definition which only includes Internet-based transactions (excluding proprietary networks as discussed in paragraph 7 above). Statistics Denmark estimates that Internet commerce reached DKK 12 billion in 2000 (USD 1.5 billion), of which 13% (around DKK 1.5 billion or USD 193 million) was B2C (Statistics Denmark, 2001).

In Australia, 10% of all adults, or 1.3 million people, purchased or ordered goods and services for their own private use via the Internet (ABS, 2000). Furthermore, in just the three months prior to November 2000, 13% of Australian adults used the Internet to pay bills or transfer funds, an increase of 5% over the three previous months. While this is a large increase over a short period, it is still low compared to the 49% of Australians who paid bills or transferred funds via the phone, the 66% who used EFTPOS (Electronic Funds Transfer at Point Of Sale) for such transactions and 73% who used ATM facilities during the same period.

Sector / product distribution

Growth is occurring unevenly, with different countries and product groups expected to reach different threshold levels. Still, B2C e-commerce remains concentrated in a few product groups: travel/tourism, banking/finance, ICT goods, books, and audio-visual products. Moreover, while these are the most popular product groups, the relative market share among them varies depending on the country. Two main criteria which influence the likelihood that the good will be sold online are its nature (physical vs. digital) and the level of customisation.

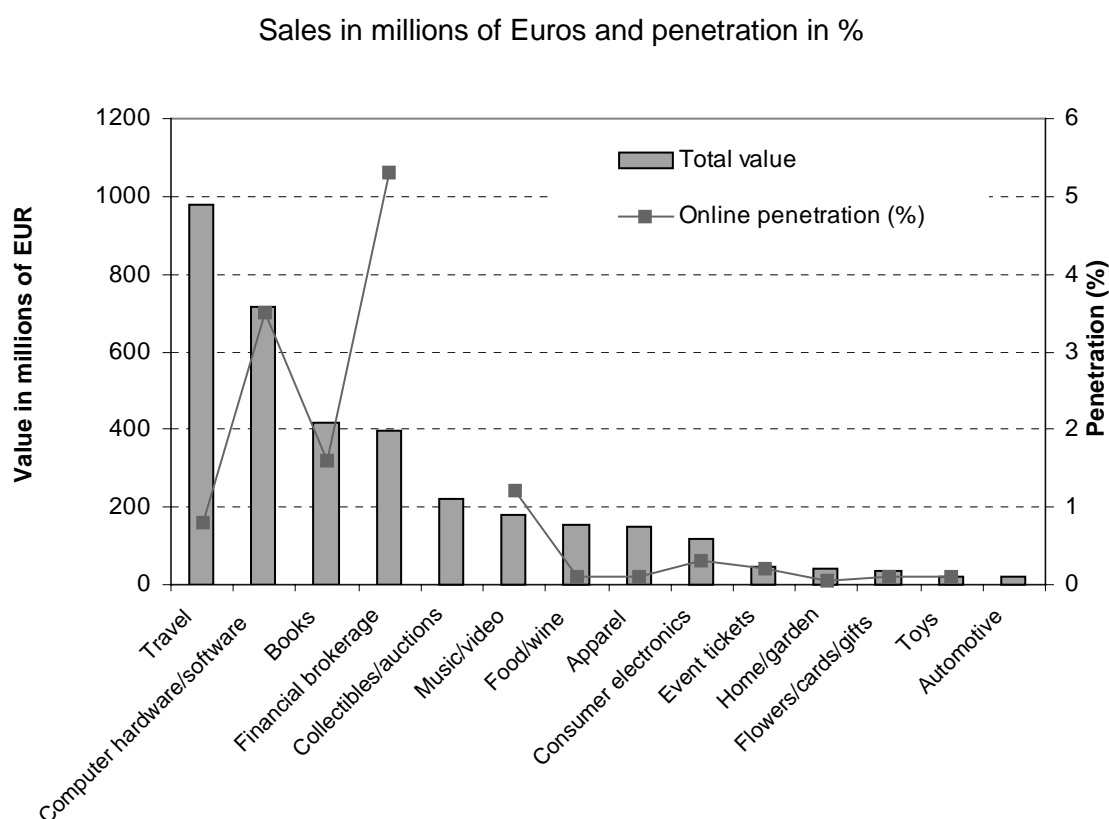
Figure 7 shows the great level of variation in European B2C transactions both in terms of market size and penetration. For example, in 1999, the largest product segments were personal services (travel, financial brokerage) and certain goods (computer hardware/software, books). Collectibles and auctions also are an important and rapidly growing segment which reached EUR 244 million in 1999 (from EUR 21 million in

13. For some goods and services (such as books, music, and financial services) it is already significant and should grow at a faster pace than the total market. Entertainment is the only category for which mobile commerce is already predominant (currently more than 70% of all m-commerce in 2000).

1998). In terms of penetration, financial brokerage had by far the highest uptake (more than 5%), but still only one-third of the level in the United States. Although the market for travel services is the largest, uptake is quite modest (less than 1%). There are of course wide variations by category between countries, for example:

- Online auctions were twice as popular in Germany as in other European countries.
- Computer hardware/software accounted for 20% of the European online market, but only 10% in France and Germany.
- Financial brokerage accounted for 30% of online revenues in France compared to only 3% in the United Kingdom.

Figure 7. European B2C e-commerce by type of product, 1999



Source: Boston Consulting Group (BCG) (2000).

Data for Japan show a somewhat different pattern with automobile being the largest segment of retail e-commerce (about 25% in 2000), followed by real estate (20% of retail e-commerce) and computers (11%) (Figure 8) (ECOM, 2001). Both computers and automobiles also have high penetration rates. Online purchases account for 6.1% and 2.1% of total retail sales of those products respectively. The shares of online sales for PCs, automobiles, travel services and books/CDs, are expected to exceed 10% by 2005.

Figure 8. B2C E-commerce in Japan, 2000 and 2005
Markets in billions of Yen and intensity in %

	2000		2005	
	Market size Billion Yen	Intensity ¹ %	Market size Billion Yen	Intensity %
PCs and related products	91	6.1%	556	29.0%
Travel	61	0.4%	2,095	13.0%
Entertainment	59	0.4%	980	5.7%
Books and music	20	0.8%	495	17.7%
Clothing & accessories	27	0.2%	1,050	6.0%
Gifts	4	0.1%	140	2.3%
Food	33	0.1%	837	3.0%
Hobbies, misc.& furniture	22	0.2%	695	5.0%
Automotive	202	2.1%	2,002	19.8%
Real estate	176	0.3%	1,185	2.1%
Other sales	54	0.3%	833	3.7%
Financial	44	0.6%	529	6.5%
Services	31	0.0%	1,939	1.6%
Total	824	0.3%	13,336	4.1%

1. Intensity = ratio of B2C e-commerce to total private spending by product group.

Source: ECOM (2001).

Figure 9 presents the most frequently visited (consumer e-commerce) sites in various OECD countries and confirms that books, and CD/videos are the most popular categories for online purchases, followed by clothing and travel. A study of Canadian Internet shopping (Statistics Canada, 2001) also finds that these categories, along with travel and software, were the most popular among online shoppers.

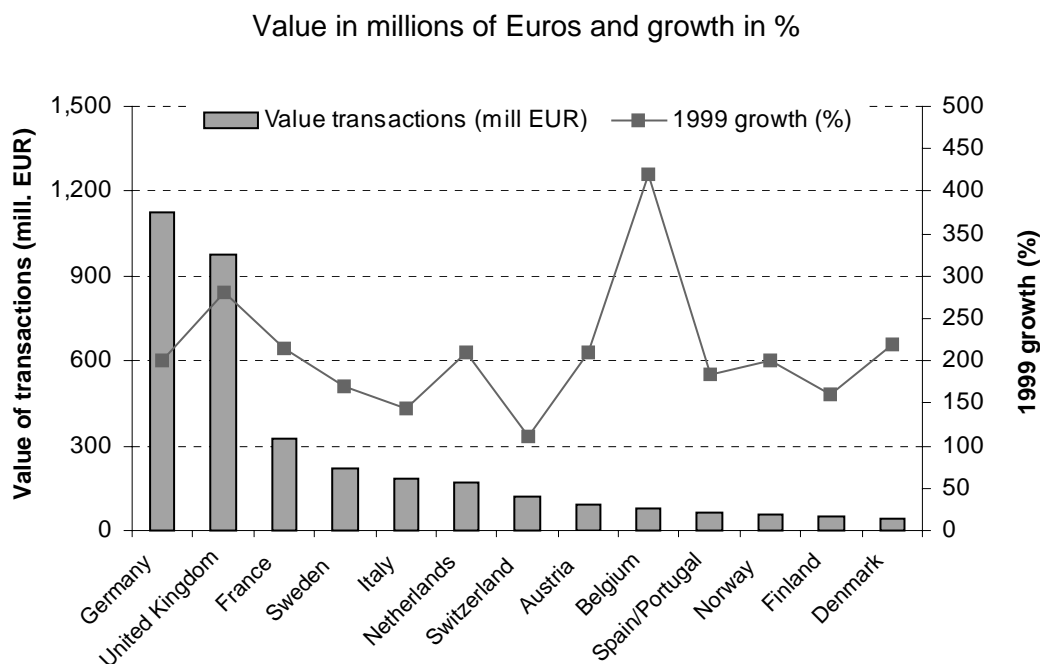
Figure 9. Most popular E-commerce sites in selected OECD countries, 2000

	Germany	France	Canada	Netherlands	United Kingdom	United States	Australia
Top-5 e-commerce sites	Amazon.com	Amazon.com	Chapters.ca	Bol.com	Amazon.com	Amazon.com	Amazon.com
	Otto www.bol.de KarstadtQuelle EBay	FNAC SNCF Alapage Degriffour	Sears Canada Amazon.com Future shop Ebay	Wehcamp.nl iBazar.nl Amazon.nl Kijkshop.nl	Jungle.com Audiostreet.com tesco.co.uk Blackstar.co.uk	Barnes&Noble.com eBay JCPenny Cdnw.com	Myer Direct dstore wishlist.com.au Dymocks Booksellers
Average amount spent online (in USD)	656	709	590	511	778	895	800

Source: Ernst & Young (2001).

Geographical distribution

The United States remains the largest market for B2C e-commerce, currently accounting for more than three-quarters of the world total. As B2C e-commerce develops in Europe, however, its market should reach about one-third of the United States' level within 2 to 3 years. Figure 10 shows the size and growth of B2C for various European countries.

Figure 10. European B2C e-commerce by country, 1999

Source: BCG (2000).

Although e-commerce brings along the promise of borderless trade, online sales continue to take place mostly within the consumer's home country (or region): 80% of European B2C e-commerce takes place within Europe (Boston Consulting Group, 2000), and a recent survey of Canadian online consumers (Angus Reid, 2000) revealed that almost two-thirds had made their most recent purchase at a Canadian Web site, compared to less than one-third a year before. A survey of Australian online shoppers estimates that in late 2000, more than half of all online shoppers purchased or ordered from Australian sites only, compared to less than 40% in February of the same year (ABS, 2000). Price is an important factor for consumers considering online purchases, but other factors such as the quality of service and information, the speed and reliability of delivery, the ease of on-line ordering, and trust towards vendors (payment security, redress mechanisms), will increasingly determine their propensity to engage in e-commerce (Goldman Sachs, 2001 a and b).

The holiday season 2000

United States

Online sales, in the United States during the 2000 holiday season doubled compared to the previous year reaching around USD 10 billion (Goldman Sachs, 2001a and b). Mediametrix reports that unique visitors to e-commerce sites increased 21%, from 48.8 million in December 1999 to 59 million in December 2000. Some categories of goods and services have been particularly sensitive to the holiday seasonality, such as books, apparel, toys and video games, and consumer electronics (NRF/Forrester, 2001).

For those households already online, there is an increasing trend to do part of their holiday shopping via the Internet (Figure 11). Among the main reasons invoked by consumers for shopping online were their ability to avoid store crowds, to easily compare products and prices, and to have products delivered to home. On the other hand, the ability to return the product directly to the shop was not the main reason for choosing to shop at a physical location, but rather the ability to see and feel the product and to receive it immediately (Goldman Sachs 2001a and b).

Figure 11: Location of end-of-year holiday shopping by US online consumers, 1999-2000

	Nov.-Dec. 1999	Nov.-Dec.2000
Physical Store	64.7	49.0
Online Store	24.1	39.6
Catalog/Mail	10.9	9.2

Source: Goldman Sachs (2001a and b).

Europe

In Europe, the Internet is also becoming a significant channel for holiday shopping. The number of retail site visits in most European countries (G7 European, Sweden, Denmark, and Spain) peaked during the month of December (Jupiter/MMXI, 2001).

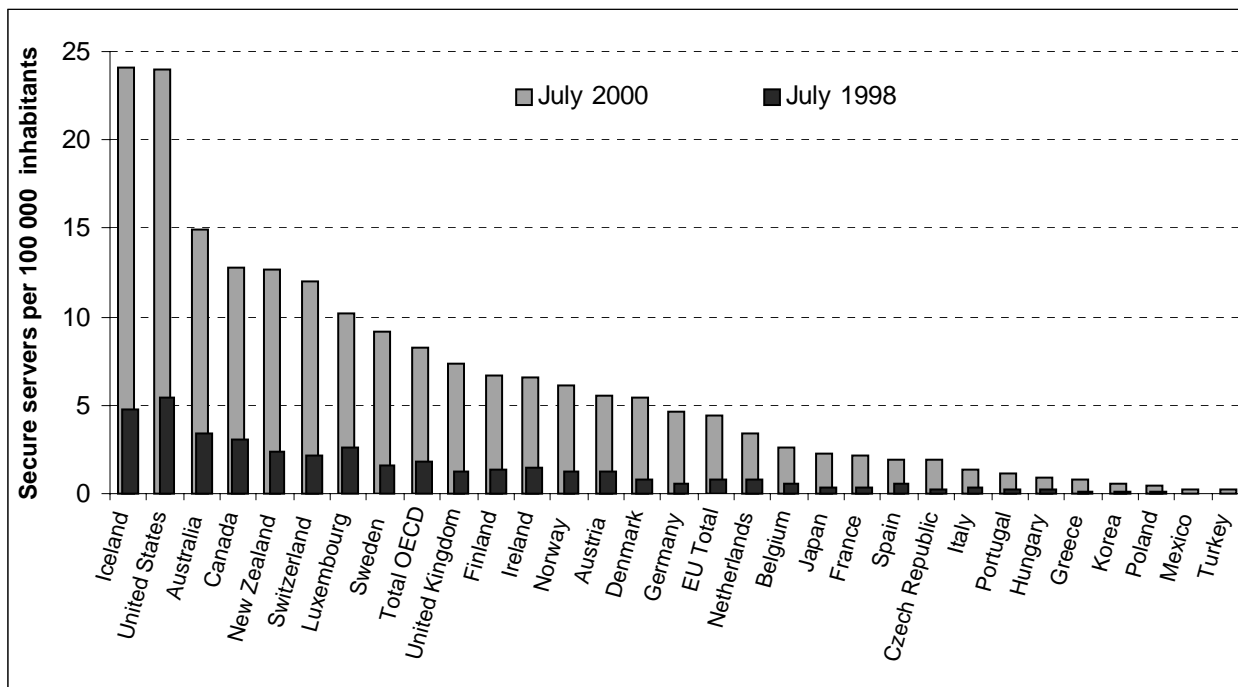
Beyond online shopping, in Europe the Internet is playing an increasing role in other ways. For example, in the United Kingdom, 90% of users consulted the Internet to help research their purchases this year, even though they did not conduct their holiday shopping online. (Taylor Nelson Sofres, December 2000b).

Access and pricing

The uptake of B2C e-commerce is also constrained by the availability of adequate infrastructure for secure transactions. When considering where the bulk of B2C e-commerce occurs, it is not surprising that data on secure servers (see Figure 12) show that the infrastructure for conducting e-commerce is unevenly distributed across countries, with Iceland and the United States having almost one server for every 4 000 inhabitants, while around half of the OECD countries have less than 5 servers per 100 000 inhabitants. Although growth of the relative availability of secure servers has been very rapid (on average increasing almost five-fold in one year throughout the OECD region), there are still wide (and growing) disparities.

Figure 12. Secure servers in OECD countries, 1998-2000

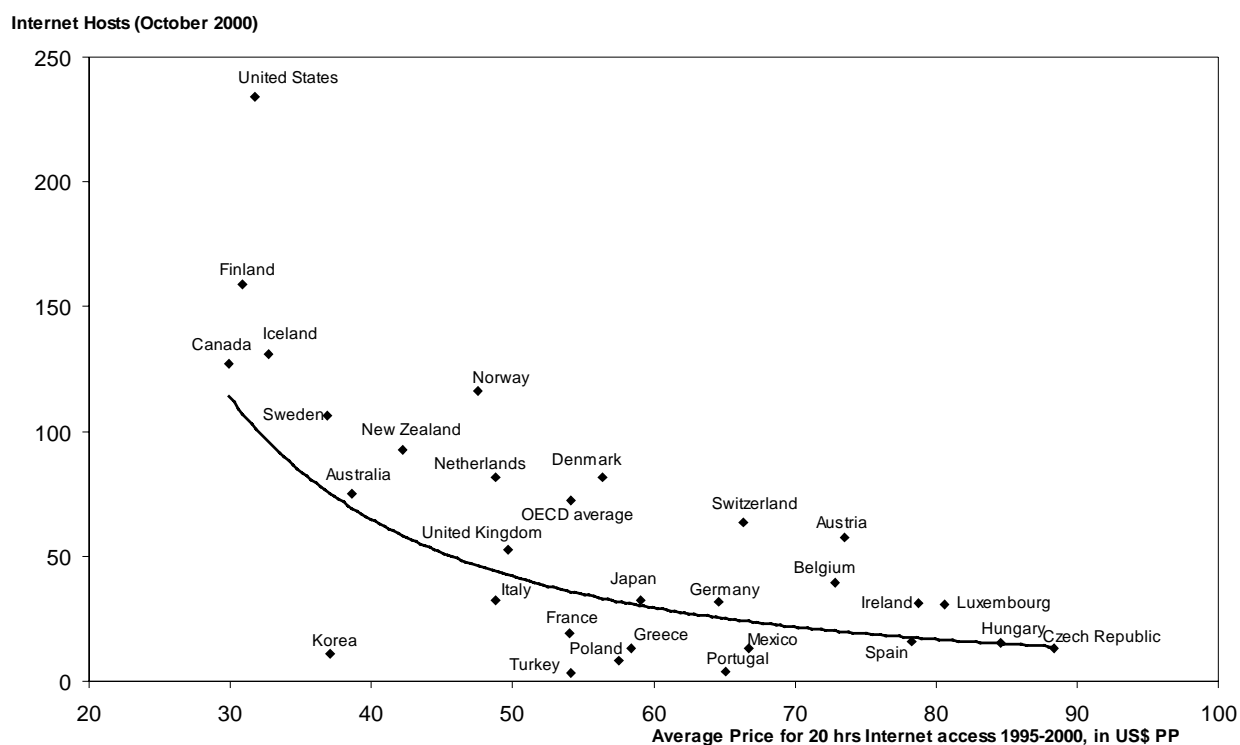
Number of secure servers per 100 000 inhabitants



Source: Netcraft. <http://www.netcraft.com>

For consumers, the cost of accessing the Internet is also a decisive factor for engaging in e-commerce activities. As shown in Figure 13, differences in Internet penetration (as measured by Internet hosts) are closely linked to the cost of accessing the Internet. While low prices do not guarantee high penetration (as seen for example in Korea), they are an important factor for more widespread development of the Internet and consequently, of electronic commerce.

Figure 13. Internet access costs and Internet hosts
Number of hosts per 1 000 inhabitants and price in USD PPP



Internet access costs include VAT including peak and off-peak. Survey undertaken every six months since 1999; annual data for 1995-1998.

Source: OECD (www.oecd.org/dsti/sti/it/cm) and Telcordia Technologies (www.netsizer.com).

Conclusions

With B2C e-commerce still accounting for a very small share of all retail trade in OECD countries, usually less than 1%, it is understandable that some public attention has shifted to the B2B e-commerce sphere which accounts for more than four-fifths of all transactions. However, increases in the B2C sphere are still expected and should not be overlooked by policy makers.

For example, in the United States, current estimates range from 1.0 to 1.5% of all retail sales, but this figure is expected to continue increasing and reach around 3 to 6% within the next few years. Similarly, in Japan, 4% of household consumption is expected to shift online by 2005 (ECOM, 2001). Data from other OECD countries varies widely with some countries already displaying a relatively high intensity (Sweden, Australia, the United Kingdom, and the Netherlands), while in others, uptake has been slower (Portugal, Spain, and Italy).

As governments continue to work to ensure that online consumers are afforded transparent and effective protection, whatever the medium, better data is needed to understand the rapid development of B2C e-commerce. More information not only on the volume of transactions, but also on their nature and on the attitudes and experiences of consumers towards e-commerce is needed.

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BUSINESS-TO-CONSUMER E-COMMERCE STATISTICS

ANNEX A: INDICATORS FOR MEASURING B2C E-COMMERCE

A wide range of indicators can be used to measure B2C e-commerce in qualitative and quantitative terms. These can be separated into four broad categories, each one focusing on a different aspect of the process: *i*) transactions; *ii*) consumers; *iii*) businesses; and *iv*) “readiness” indicators.

Transactions

This set of derived indicators focuses on the transaction itself. Usually e-commerce includes all online orders regardless of whether the payment takes place on- or off-line. In addition to the total value of purchases, other aspects of the transaction can be measured such as the type of product/service purchased, the relative importance of online sales, or the propensity to purchase from foreign sites.

- Total value of transactions (including seasonal purchases).
- Transactions broken down by type of product.
- Sales by product as a percentage of some other indicator (such as total retail sales, or domestic expenditure).
- Average value of purchases.
- Type of payment and delivery (off/online).
- Source of purchases: domestic or foreign retailer.

Consumers

- This set of indicators provides additional information focusing on the consumers.
- Number of online shoppers or online shoppers as a percentage of population/online population.
- Socio-economic differences such as sales by gender or age group.
- Frequency of online purchases.
- Time spent shopping online.
- Technologies used to access e-commerce sites: PCs, mobile phones, personal data assistants (PDAs).
- Attitudinal data: perceived benefits and barriers.

Businesses

These indicators focus on the supply-side of online retailing.

- Number of businesses online/engaged in e-commerce.
- Number of businesses by sector of economic activity or type of product.
- Barriers to adoption.
- Type of retailer: existing retailer recently adopting e-commerce (multi-channel) or newly established, Internet-based retailer (“pure-play”).
- Most popular e-commerce sites.
- Industry concentration (market share) by type of product.

Readiness indicators

This fourth set of indicators is not directly related to transactions, but can be used to determine the “readiness” of countries/businesses/consumers to engage in e-commerce. These include some of the necessary (but not sufficient) conditions for e-commerce activities to develop (see OECD, 2000c).

- Percentage of households with PCs/Internet access.
- Number of Internet users.
- Number of Internet hosts.
- Number of secure servers.
- Internet access costs.
- Usage of credit cards or other payment systems.

BUSINESS-TO-CONSUMER E-COMMERCE STATISTICS

ANNEX B: ESTIMATING B2C E-COMMERCE - METHODOLOGICAL DIFFERENCES

Source	Region	1998	1999	2003	2004	Definition	Methodology
IDC (March, 2000) www.idc.com	World U.S. Canada	\$15.887 B \$13.555 B \$0.461 B	\$33.573 B \$26.322 B \$1.004 B	\$209.120 B \$118.952 B \$8.493 B		Refers to the purchase of goods and services via the World Wide Web. Transactions need not be completed over the Web (for example, telephone or fax completion is acceptable), but the transaction must be initiated from the Web. For IDC's purposes, commerce excludes funds transfer and home banking (except activity charges), stock trading (except fees, if any, for the privilege of trading over the Internet), and charges for basic Internet access. Commerce is typically limited to commerce over the WWW.	Data is based on the inputs to the Internet Commerce Market Model. The model brings both supply- and demand-side research, combining direct analysis of vendor activities with global measurements of customer behaviour. The model weighs a variety of factors such as the installed base of Internet devices against detailed survey results of consumer and business Web use.
Gartner Group (Oct 11/99) www.gartner.com	World U.S. Canada	\$11.24 B \$8.5 B \$0.73 B	\$31.20 B \$20.50 B \$1.92 B	\$380.5 B \$147.0 B \$16.8 B		The value of goods and services ordered on-line, including broker and agency revenue, but does not include the gross transaction value of shares and other financial instruments traded on-line.	Forecasts produced using a combination of supply- and demand-side data, including market and retail studies and consumer surveys, plus regional drivers and inhibitors.
Forrester Research www.forrester.com (Nov/99) (Mar/00)	World North America		\$20 B	\$144 B \$454.4B \$204B		Trade of goods and services in which final order is placed over the Internet. Only includes EDI that is sent over the Internet. Includes sales and re-sales.	Conducted interviews with 100 North American on-line merchants in 11 categories as well as vendor and service providers. For consumer demand used Technographics Field Survey with 120,000 North American Households.

Source: Statistics Canada (2000b).

BUSINESS-TO-CONSUMER E-COMMERCE STATISTICS

ANNEX C: AN EXAMPLE OF E-COMMERCE ESTIMATION: THE FORRESTER MODEL

Forrester Research is a US-based IT market research firm which produces e-commerce estimates and forecasts. Its “eCommerce Threshold Model” is an example of how estimates of e-commerce transactions are generated using a combination of supply- and demand-side data. The model covers both B2B (online business trade) and B2C (online private consumption).

For each country, an “e-Commerce Potential Index” is calculated to determine when high-growth can be expected. This index reflects the “e-readiness” of each economy in terms of the business environment and the development of its technology infrastructure. The total e-commerce “potential” of each country and sector is thus calculated using both economic data (*e.g.* GDP, GDP/capita, market openness) and various measures of technological “readiness” (*e.g.* IT diffusion, ICT markets, telecommunication density).

For the B2C part of the model a second set of indicators is compiled and used for each country. It includes:

- “Technographic” data measuring the ownership and usage of PCs, surveys of consumers’ attitudes (such as the willingness to shop online or browsing habits).
- Population statistics (including household disposable income).
- Current data on consumption by type of goods; and
- Estimates of potential for online sales (in percentage) and expected timeline for both the high-growth phase and saturation (see Table 1 for the United States).

Finally, a logistic model (or “S-curve”) is used to forecast growth for each country and product group based on these parameters. These estimates are complemented by studies of consumer behaviour (based on household surveys) as well as analytical research on IT markets and e-commerce vendors.

Table 1. Expected uptake of e-commerce in selected product groups in the US

Type of product	Maximum expected penetration	Year of expected maximum uptake
Software	50.0%	2003
Computer hardware	44.1%	2004
Music	25.0%	2004
Apparel	17.4%	2009
Event tickets	16.8%	2005
Books	16.1%	2004
Health and beauty	15.5%	2006
Flowers	14.4%	2004
Toys	14.1%	2006
Consumer electronics	13.2%	2006
Appliances	11.6%	2003
Photo/film	10.1%	2005
Food and beverage	7.0%	2009

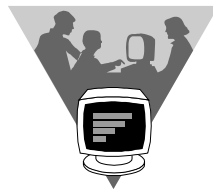
Source: Forrester Research (1999).

ANNEX IV

The following is a report on the IMSN International Internet Sweep Day that accompanies the Session Five presentation by Vanessa Holliday. The report, in addition to a fact sheet on the sweep, is available in the “press information” section of the Workshop Web site, which can be accessed through the link at: <http://www.oecd.org/dsti/sti/it/consumer/>.

IMSN

INTERNATIONAL INTERNET SWEEP DAY



REPORT TO OECD

CCP Guidelines Workshop, Berlin, March 14 2001

SWEEP DAY #3

Consumer Protection in E-Commerce

14/15 February 2001

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ABOUT THE SWEEP

BRIEF

Sweep Days are a joint compliance activity, undertaken by member agencies of the International Marketing Supervisory Network (IMSN). Agencies target Web sites based in their own jurisdictions, judging their level of compliance with the subject focus of each Sweep. The IMSN has held Sweep Days on two previous occasions:

- i. **1997** Sweep targeted 'get rich quick' schemes, identified over 1 100 suspicious sites, 25% of which were modified or removed before the 'follow up Sweep' 2 weeks later.
- ii. **1998** Sweep targeted miracle cures and other misleading health claims, identified over 1 400 sites, 25% of which were modified or removed before the 'follow up Sweep.'

In addition to these Sweeps which encourage all member agencies to participate, there are also other Sweeps which occur far more frequently. The Federal Trade Commission in the US conducts several Sweeps per year, targeting local issues as a single agency, and also targeting continental issues in conjunction with geographically close jurisdictions.

Sweeps are a cost-effective compliance and public relations tool. Their value to participants is demonstrated by the fact that they:

- Assist implementation of the OECD Guidelines by educating businesses
- Broaden consumer awareness by releasing information through the media
- Improve market conduct by demonstrating a presence of authorities in the Internet space
- Raise the profile of each participating agency by promoting their involvement in a significant event with up to 70 agencies from 29 countries; and
- Facilitate further action by each agency in light of the valuable information revealed by the Sweep.

This Sweep, held on 14 and 15 February 2001, was the third IMSN Sweep Day, with the Australian Competition and Consumer Commission ('ACCC') acting as the lead agency. Web sites based all over the world were evaluated for their level of compliance with aspects of the *OECD Guidelines on consumer protection in electronic commerce* ('the Guide').

The ACCC provided comment during the development of the Guide, and gave valuable support which helped to provide the impetus to launch and publicise the final draft. The ACCC and the Treasury have

also introduced the Guide into the Australian environment through the release and promotion of “*Building Consumer Sovereignty in Electronic Commerce: A best practice model for business*”.

As well as providing input for discussions at OECD meetings, the results will also be invaluable for the ongoing work of the IMSN, and for discussions at the IMSN meeting in April 2001. The results prove that participation helps all members by demonstrating the global coverage of the activity. Many agencies have also used the Sweep as an opportunity to evaluate sites for other conduct which is currently being targeted. This may lead to enforcement activities as a result of information obtained by Sweeping.

The value of Sweeps in generating consumer awareness about what to look for in a Web site can not be underestimated. Also, a strong compliance message is sent to e-tailers, warning them that consumer protection agencies are watching the Internet space. Finally, the reputation of agencies is enhanced by publicising their involvement in a large-scale, international compliance activity on a regular basis.

In light of the high participation rate in this Sweep, further Sweeps will be planned, and agencies invited to participate. The subject matter will be discussed with potential participants.

EVALUATION CRITERIA

Compliance officers from participating agencies were seeking answers to the following questions when evaluating sites:

1. *Does the site disclose the physical address of the business?* This is specified in the Guide under ‘Online Disclosures’, and is also important for ease of service of legal process, and the location of the business and its principals by enforcement bodies and regulators.
2. *Is an email address provided?* This falls under the general provision in the Guide to allow prompt, easy and effective communication with the business.
3. *Is a telephone number provided?* Also to allow easy communication with the business.
4. *Is the cost of goods or services itemised to allow for ‘extras’ like freight or additional taxes/duty?* This is specified in the Guide under ‘Information about the transaction’, and falls under the general provision to allow consumers to make an informed decision about whether to enter into the transaction.
5. *Is the applicable currency specified?* Many countries have ‘dollars’ and ‘pounds’ as their broad description of monetary units. To provide enough detail to allow an informed decision, the national denomination must be specified (eg Au\$, US\$, NZ\$).
6. *Is there any mention of geographic restrictions that apply to the purchase?* Not all businesses are able or willing to supply their goods or services in all countries in the world. Where there is a limitation, this should be specified as a ‘term of delivery’, and a ‘restriction or limitation of purchase’ according to the Guide.
7. *Is there mention of any parental/guardian approval requirement, or minimum age requirements?* In many countries, a legally binding contract may only be made with a person who is over a specified age. In addition, some products have minimum age requirements, and some products must have parental approval.
8. *Is there a statement of policy on returns, exchange and refunds?* This question simply measures whether there is a disclosed policy. It does not evaluate the policy in any detail.

9. If there is a policy, does it allow for returns, exchange or refunds?

10. *Is there a privacy policy of any kind?* The Guide requires businesses to specify what will happen to consumers' personal information (for example, a statement that information will be used for in-house marketing purposes, but not disclosed to any third parties). This question did not measure whether the privacy policy was acceptable. It simply measured the number of businesses that had disclosed their policy.

List of Participants

<i>Country</i>	<i>Agency</i>
New Zealand	Ministry of Consumer Affairs NZ Commerce Commission
Japan	Japan Fair Trade Commission Ministry of Land, Infrastructure & Transport Ministry of Economy, Trade & Industry
Korea	Korea Consumer Protection Board
USA	Federal Trade Commission
Norway	The Consumer Ombusman
Denmark	The Consumer Ombudsman
Portugal	The Consumer Institute
Austria	Ministry of Justice Directorate for Consumer Protection
Belgium	Federal Administration for Economic Inspection
Finland	Consumer Agency & Ombudsman
UK	Office of Fair Trading (Consumer Affairs Division) Aberdeen City Council Environmental & Consumer Protection Services City Council Environmental & Consumer Protection Dept Durham County Council Consumer Services Dept East Renfrewshire Council Trading Standards Section Essex County Council Trading Standards Service Gateshead Metropolitan Borough Council Trading Standards Service Glasgow City Council Consumer & Trading Standards Division Highland Council Protective Services Isle of Man Office of Fair Trading Kent County Council Regulatory Services City of Newcastle-upon-Tyne Trading Standards Section North Ayrshire Council Trading Standards Service North Somerset Council Trading Standards Service North Lanarkshire Council Dept. of Planning & Environment Perth & Kinross Council Environmental & Consumer Services Renfrewshire Council Trading Standards Division South Lanarkshire Council Consumer & Trading Standards Service Stirling Council Trading Standards Service City of Stoke-on-Trent Trading Standards Service City of Sunderland Trading Standards Division

Tameside Metropolitan Borough Council Trading Standards & Consumer Services
Division
Warwickshire County Council Trading Standards Dept

Sweden	Consumer Ombudsman
Switzerland	State Secretariat for Economic Affairs
Germany	Verbraucherschutzverein
Australia	Australian Competition & Consumer Commission Consumer Affairs Division of Treasury
Mexico	Ministry of Economy
Canada	Competition Bureau
Hungary	General Inspectorate of Consumer Protection

Results of the Sweep

Number of sites evaluated

Australia	229
New Zealand	66
Japan	1616
Korea	125
USA	93
Norway	62
Denmark	37
Portugal	41
Austria	33
Belgium	46
Finland	18
UK	667
Sweden	34
Switzerland	30
Germany	Still waiting on results
Canada	62
Poland	22
Mexico	12
Hungary	21
TOTAL	3,271

Categories of Sites

	Book/ Magazine	CD/ Software	Travel	Clothing	Other
<i>Australia</i>	60	45	18	19	87
New Zealand	11	0	10	8	37
Japan	56	37	76	484	963
Korea	39	53	37	26	25
USA	15	20	11	15	32
Norway	11	10	0	5	36
Denmark	6	7	5	7	12
Portugal	10	6	5	12	8
Austria	12	4	9	4	4
Belgium	6	5	0	7	28
Finland	5	4	5	4	0
UK	154	131	75	115	192
Sweden	5	5	7	5	12
Switzerland	6	6	6	5	7
Germany	0	0	0	0	0
Canada	10	7	9	5	31
Poland	5	4	5	5	5
Mexico	3	5	2	1	1
Hungary	4	3	4	1	9
TOTALS	418	352	284	728	1489

Global Results

- 75.48% of sites disclosed their physical address
- 77.59% of sites provided an e-mail address
- 76.73% of sites provided a telephone number
- 69.49% of sites gave an itemised cost for goods or services
- 84.96% of sites specified the applicable currency
- 45.67% of sites mentioned geographic restrictions on purchases
- 38.55% of sites mentioned parental approval or minimum age requirements
- 55.89% of sites provided a policy on returns, exchange and refunds
- 54.29% of sites allowed for returns, exchanges and refunds
- 42.24% of sites had a privacy policy of some kind

The lowest compliance over the whole world was with restrictions on purchases such as parental approval, minimum age requirements or geographic limitations. In some cases, the business may be quite willing and able to sell goods or services to any person of any age in any country. Some sites quoted a range of delivery costs based on the distance from the country in which they were based, and seemed to have no geographic limitations. Others had obvious limitations, but were silent on the issue. One site had no minimum age requirement, and was selling crossbows and other weapons, which were required by local law to be sold only to persons over the age of 18 years who held the appropriate license.

The highest global compliance was with the provision of contact details for the business – physical address, e-mail address and telephone number. In addition to being important for enforcement activities, these details allow for consumers to approach businesses with complaints and inquiries. This level of approachability is likely to improve businesses' performance in customer satisfaction, and bolster consumer confidence in the on-line shopping experience generally.

Areas which may be targeted globally for improvement would include returns, exchange and refund policies and privacy policies. In those cases where a returns, exchange and refunds policy was displayed on the site, a staggering 97.15 % made allowance for returns, exchanges and refunds. Seemingly, the immediate challenge for consumer protection agencies around the world is to increase the proportion of businesses that formulate a policy and put it on the site. Complex analysis of the policies themselves, although equally important, may not be as urgent.

Privacy is an incredibly complex area, with different political sensitivities in each jurisdiction. Only 42.24% of sites examined had a privacy policy of any kind, and no real analysis of these policies was conducted. Many of them may be unacceptable in some jurisdictions. Clearly this remains an area for ongoing work for all agencies.

These figures are difficult to compare with another informal (non-IMSN) Sweep held in 1999, for the following reasons:

1. An accurate comparison would require a re-visit to the identical sites which were Swept in 1999, and this is simply not possible. In the first place, some of these sites no longer exist. Also, the methodology used is to sweep via the use of search engines, with the same random approach that a consumer would use. This means that the sites found on a later sweep will always be different due to alterations to metatagging by Web sites, and licensing of new Web sites in the interim. Therefore, a comparison to test any improvement or deterioration in compliance would be tenuous.

2. The Sweep in 1999 had much lower participation. The countries that participated were not as geographically diverse, and therefore the current results could be considered to be a more 'accurate' representation of the state of on-line conduct. For example, the inclusion of a country with very high (or very low) compliance can change the average global results significantly. Of course, in 1999 only 700 sites were evaluated, compared to over 3 000 in the current results.
3. The Guidelines were still in their inception at the time of the earlier Sweep. Due to promotion of the Guide in Australia and some other countries, awareness of the Guide has grown substantially since then, and businesses are more likely to understand the conducts addressed by it.

European Results

990 sites evaluated

87% of sites disclosed their physical address

90% of sites provided an e-mail address

88% of sites provided a telephone number

77% of sites gave an itemised cost for goods or services

80% of sites specified the applicable currency

21% of sites mentioned geographic restrictions on purchases

9% of sites mentioned parental approval or minimum age requirements

41% of sites provided a policy on returns, exchange and refunds

37% of sites allowed for returns, exchanges and refunds

39% of sites had a privacy policy of some kind

These results are not significantly different from the global result. The first five questions scored very high, with the cost itemisation and currency specification achieving an even higher score than the global average.

As is the case right around the world, the areas attracting attention in European countries are the policies on privacy, and refunds, exchange and returns, and the disclosure of restrictions on geography or age. If a business will only supply to European countries, for example, this must be stated on the site. Again, the main issue seems to be getting policies onto Web sites, with further work on quality control to follow in later activities.

North American Results

167 sites evaluated

84% of sites disclosed their physical address

90% of sites provided an e-mail address

89% of sites provided a telephone number

71% of sites gave an itemised cost for goods or services

50% of sites specified the applicable currency

40% of sites mentioned geographic restrictions on purchases

10% of sites mentioned parental approval or minimum age requirements

61% of sites provided a policy on returns, exchange and refunds

60% of sites allowed for returns, exchanges and refunds

65% of sites had a privacy policy of some kind

North America (United States, Canada and Mexico) scored well above all others in the last three questions on policy presence. Apart from that their results were typical of the global pattern, with the lowest scores being geographical and age restrictions. There was no indicator as to the need for these restrictions if they were not present, so the best approach to these statistics will be determined by the North American participants.

Western Pacific Results

2 036 sites evaluated

71% of sites disclosed their physical address

73% of sites provided an e-mail address

72.5% of sites provided a telephone number

68% of sites gave an itemised cost for goods or services

92.5% of sites specified the applicable currency

59% of sites mentioned geographic restrictions on purchases

56.5% of sites mentioned parental approval or minimum age requirements

64.5% of sites provided a policy on returns, exchange and refunds

41% of sites allowed for returns, exchanges and refunds

46% of sites had a privacy policy of some kind

These results differed from the global pattern, in that restrictions on purchases were specified in more cases, especially in Japan and Korea. It is important to note that Korea's results for questions 8-10 on policies were very high (76-77%), and are not adequately reflected by these averages.

The areas of focus were again the last three questions. An important qualification is that raising compliance with the other questions should be very easily achieved, so even those results are useful to agencies whose aim is to achieve 100% compliance.

Sweep Contacts

Any questions about the methodology employed in Sweep 2001, or about results, may be directed to:

Stuart Gilding
Senior Project Officer, Consumer Protection (E-Commerce)
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602
AUSTRALIA

Stuart.gilding@accc.gov.au

PH: +61 2 6243 1196

FAX: +61 2 6243 1078

APPENDIX – RAW DATA% YES RESPONSES
BY COUNTRY

	Qn1	Qn2	Qn3	Qn4	Qn5	Qn6	Qn7	Qn8	Qn9	Qn10
Australia	80.8	88.6	86.5	52	46.7	13.1	3.9	32.8	30.1	28.4
N. Zealand	65.2	95.5	77.3	81.8	72.7	43.9	15.2	54.5	51.5	48.5
Japan	68.4	68.4	68.4	68.4	100	68.4	68.4	68.4	68.4	--
Korea	92.8	91.2	98.4	84	90.4	34.4	24	76.8	76.8	77.6
USA	87.1	87.1	88.2	74.2	38.7	60.2	15.1	76.3	75.3	80.6
Norway	80.6	96.8	91.9	71	0	1.6	6.5	62.9	54.8	27.4
Denmark	94.6	97.3	89.2	83.8	89.2	13.5	8.1	67.6	67.6	18.9
Portugal	78	100	87.8	80.5	95.1	12.2	4.9	34.1	34.1	36.6
Austria	87.9	93.9	87.9	57.6	54.5	9.1	0	30.3	18.2	57.6
Belgium	87	78.3	89.1	73.9	93.5	41.3	0	58.7	56.5	41.3
Finland	94.4	94.4	94.4	22.2	0	27.8	33.3	72.2	66.7	38.9
UK	87.6	87.6	85.6	77.4	87.1	19.2	8.2	32.1	27.9	39.9
Sweden	91.2	97.1	100	97.1	100	55.9	41.2	97.1	88.2	52.9
Switzerland	93.3	90	93.3	83.3	100	56.7	10	70	70	40
Germany	--	--	--	--	--	--	--	--	--	--
Canada	80.6	91.9	88.7	71	62.9	16.1	4.8	45.2	45.2	48.4
Poland	86.4	100	95.4	90.9	59.1	9.1	9.1	68.2	68.2	27.3
Mexico	83.3	100	100	50	66.7	8.3	0	25	25	25
Hungary	66.7	76.2	81	57.1	100	76.2	4.8	14.3	9.5	52.4