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# Indicators of consumer protection and empowerment in the digital world

Results and recommendations of a feasibility study

## Executive Summary

The process of digitalisation has changed the lives of consumers around the world. Digitalisation makes it easier for consumers to access and process information, potentially increases choice and competition, as well as encouraging innovation. At the same time, however, consumers also face barriers and risks. More than half of the world's population still does not have access to the Internet, and many consumers fear that their personal information might be misused or that they might become victims of online fraud.

These barriers and fears constitute a significant impediment for the further development of the digital economy: When consumers mistrust businesses, they are discouraged from using new digital products and services. Hence, growth on the supply-side of the digital market presupposes consumer trust on the demand-side of the market.

As a result, governments around the world have put the task of consumer protection and empowerment in the digital world on their agendas. In their *Digital Economy Development and Cooperation Initiative*, the G20 set the target to bridge the digital divide by expanding broadband access and improving quality, developing skills and competences as well as strengthening confidence and trust. The G20 Initiative also encourages efforts to develop better metrics, inter alia, for important policy issues like trust in the digital economy.

The objective of the present study is to contribute to such a development of better metrics. It aims at testing the feasibility and making concrete proposals for a set of indicators to describe and measure progress towards an environment that is beneficial for consumer trust in the digital world. The study is based on a literature review, expert interviews, a consultation of Consumers International and its members as well as a consumer survey that was conducted in six G20 countries.

The key results of this study are summarised in eight theses:

## **1 A thriving and inclusive digitalisation process necessitates consumers' trust in digital markets**

Evidence shows that without consumer trust, the digital transformation will most likely not be successful. Access to the Internet, information and communication technologies (ICT) and digital services as well as consumer trust in these products and services are all of key importance for an inclusive and successful digitalisation process.

## **2 In order to strengthen consumer trust, the demand-side of the market needs to be brought into the spotlight**

While in the past, ICT strategies focused primarily on the supply-side, there is a growing recognition that demand-side issues such as privacy, data security, redress and digital literacy have to be equally and fully addressed as well. Otherwise, the digital economy will not develop as fast as it could, since consumers have reasons to stay offline.

## **3 To bring the demand-side into focus, the United Nations Guidelines for Consumer Protection (UNGCP) should be used as a policy framework**

The UNGCP constitute an internationally endorsed set of consumer protection and empowerment principles. These should be used as a conceptual framework to strengthen consumer protection and empowerment also in the digital world.

## **4 To systematically improve the state of consumer protection and empowerment, valid indicators and good data are needed**

Indicators and good data are necessary both to capture developments and for effective evidence-based policy-making. Hence, there is a need to develop indicators for the measurement of consumer protection and empowerment in the digital world as well as corresponding methodologies.

## **5 The UNGCP constitute a useful framework for indicator development; Digital Consumer Protection and Empowerment (DCPE) indicators can be derived**

Based on the UNGCP, the present study proposes a comprehensive set of indicators which describes the state of consumer protection and empowerment in the digital world. The 65 indicators are grouped into the eight dimensions of the UNGCP principles.

## **6 Indicators, data-gathering methodologies and G20-wide data sets exist only for a few indicators; hence a double-fledged approach to address these gaps is necessary**

The assessment of whether indicators, data-gathering methodologies and data already exist for this set of indicators shows that this is only partially the case: For the dimension access, both indicators and robust methodologies exist. For privacy & data security, education & awareness, dispute resolution & redress and governance & participation, indicators and data are partially available. For economic interest, product safety & liability and information & transparency, neither indicators nor data are available.

## **7 A survey based approach should be used to provide the needed data in the short-term**

Representative consumer surveys are a straightforward ready-to-use tool and can be developed and carried out quite easily. The present study hence suggests that this approach should be used to generate periodic data that can be used in the short-term to fill some of the identified gaps.

## **8 In parallel, the G20 should initiate a four-step process to develop a comprehensive methodology in order to provide data in the mid- and long-term**

To systematically overcome the identified gaps in indicators and methodologies, the G20 should initiate a process that leads to a comprehensive methodology for the assessment of the state of consumer protection and empowerment in the digital world in the mid- and long-term. This process should go hand-in-hand with other initiatives that aim at developing a tool kit for policy making in this field and recommendations for policy action. It should be implemented in four steps: 1) The G20 should set up a Consumer Protection and Empowerment Working Group for the Digital World to agree on an overall framework. 2) An international organisation should be tasked to develop a set of indicators and corresponding methodologies in detail. 3) This set of indicators should be tested in a pilot study and be refined. 4) The draft set of indicators should be presented to the G20 Working Group for revision and approval. Clear institutional responsibilities should then be assigned to periodically conduct data-gathering for the indicators.