Trakia Journal of Sciences, No 3, pp 330-334, 2013

Available online at:
http://www.uni-sz.bg

ISSN 1313-7069 (print)
ISSN 1313-3551 (online)

Original Contribution

CONSUMER ENVIRONMENT IN THE COMMON EUROPEAN MARKET

R. Otouzbirov,*

Faculty of Economics, Trakia University; Stara Zagora, Bulgaria

ABSTRACT

The aim of the current article is to analyze the Consumer Conditions Scoreboard indicators on EU level and in Bulgaria for two consecutive years – 2010 and 2011.

There are substantial differences in consumer conditions across Member States. The percentage of consumers who feel adequately protected by existing consumer measures ranges from less than 30 % to over 80 %. Similar discrepancies are observed in the levels of trust in public authorities, consumer organisations and sellers/providers. The differences in the prevalence of misleading and fraudulent advertisements/ offers, as reported by consumers, are as high as 30 %. There are also marked differences (of up to 50 %) in the perceived safety of products or the assessment of redress mechanisms (courts and ADR). In addition, the propensity of consumers to complain when things go wrong ranges from 40 % to over 90 %. In general, consumer conditions appear to be less favourable in the Eastern and Southern Member States (including Bulgaria), and the differences have not decreased systematically over the past years.

Key words: Consumers, products, safety, evaluation

INTRODUCTION

EU consumer policy can empower consumers by giving them the real power to act as drivers of innovation and growth. Better consumer conditions can not only improve consumer welfare, but they can, as a whole, also benefit the economy. Consumers' capacity to share and compare information more and more rapidly can have a tremendous impact on their ability to foster the most efficient and productive parts of the economy, and hence stimulate growth. Markets where consumers are able to make informed choices and where their rights are respected cause less consumer detriment, and generate greater confidence and increased incentives for quality improvement and efficiency. Research conducted by Gaidarjieva (1) reveals the significance attributed by local authorities to the necessity for increasing Businesses compatibility by means of better market accessibility, e-commerce, business relations and awareness.

A consumer that is empowered and protected has the knowledge, skills and confidence required to play their role in the market by demanding high value, quality and service. Such a consumer will reward fair and efficient business operators with his/her decisions on purchasing certain products as well as submitting complaints and seeking redress when his/her rights are infringed. The above actions will consequently facilitate the process of stamping out unfair practices, which will result result in a choice for the "best product or service for the price" ensuring efficient resource allocation to the best businesses, as well as providing clear incentives for innovation. In short – *"the more sophisticated consumers become in making good decisions, the better it will be for growth."*(2) As a result of the economic crisis consumers and enterprises focus predominantly on the price and there is an evident risk for safety considerations to be left

***Correspondence to**: *Roumen Otouzbirov, Faculty of Economics, Trakia University; Stara Zagora, Bulgaria, e-mail: otuzbirov@uni-sz.bg*

behind and forgery cases to increase. The problems and evaluation of the economic risk involved are addressed by Taneva (3) who believes that a better understanding of the international market requires preliminary knowledge and individual ability for orientation on a higher aggregation level.

Part of the Consumer Markets Scoreboard of EC (4, 5) provides information to help benchmark the consumer environment in the Member States. It tracks the progress of indicators that are related to the enforcement of consumer and product safety legislation and to consumer empowerment. The quality of enforcement regimes is an indicator of the prevailing conditions of national markets. Effective enforcement of consumer rights and product safety reinforces consumers' trust in markets and discourages unfair business practices. Simultaneously, effective redress (both through courts and out of court) is another significant part of a properly functioning market. Indicators of consumer empowerment show whether consumers are sufficiently informed, educated and willing to play their vital market role.

The aim of the current article is to analyze the Consumer Conditions Scoreboard indicators on EU level and in Bulgaria for two consecutive years – 2010 and 2011.

MATERIAL AND METHODS

The majority of the data in the Scoreboard comes from the annual Eurobarometer surveys of consumers and retailers conducted in 2011 - *Eurobarometer 331* (6) *Eurobarometer 332* (7). Additional data include the special Eurobarometer *342* (8) on empowerment carried out in 2010, as well as information provided by Member States on market surveillance activities, sweeps and public funding for national consumer organisations.

The Country Consumer Statistics provide detailed indicators related to the enforcement of consumer and product safety legislation and to consumer empowerment for each Member State. For a similar market analysis Genchev's methodology can be applies where "the market potential index is indicative of the force and direction the change of a particular market segment has undergone for the period of study" (9).

The majority of the data results from the annual Eurobarometer surveys of consumers and retailers. Annual reports on the operation of the Rapid Alert System(9) for non-food dangerous products (RAPEX), as well as information provided by Member States on joint investigations to enforce EU law and public funding for national consumer organisations are also included.

The Flash Eurobarometer 332 presents the results of a survey on consumer attitudes towards cross-border trade and consumer protection which was conducted among EU respondents of at least 15 years of age by means of using telephone interviews (fixed-line and mobile phone) in September 2011. As in the previous year, the sample size was around 1,000 respondents per country and the margins of error are the same. At a 95% confidence level, the margin of error ranges between +/-1.4% and +/-3.1% for sample sizes of 1,000 respondents.

According to the Flash Eurobarometer 331 a survey on retailers' attitudes towards cross-border trade and consumer protection was performed, again on the basis of telephone interviews, in September - October 2011, including companies in EU, Iceland and Norway employing 10 or more persons. Enterprises with 1 to 9 employees have been purposefully excluded from the survey as they were considered more difficult to survey and less likely to have experience with cross-border and distance sales. The sample size of the survey was increased from 250 interviews in previous years to around 400 and 2011 results have smaller margins of error for most countries. At a 95% confidence level, the margin of error ranges between +/-2.9% and +/-4.9% for sample sizes of 400 respondents.

All the questions reflect positive outcomes, thereby allowing the index to reach, in theory, a maximum value of 100. All questions have an equal weight in the index.

DISCUSSION

Consumer Conditions Index in EU

The Consumer Conditions Index provides an overview of the key indicators describing the consumer environment at national level, as measured through surveys of perceptions, attitudes and experiences of consumers in particular. The purpose of this index is to create a long-term data set which can be used by national policymakers and stakeholders to assess the impact of their policies on consumer welfare. Comparing outcomes on national level with those of other countries may facilitate identification and promotion of best practices.

At EU level, the Consumer Conditions Index indicates **(Table 1)** a slight increase (of more than 1 point) in 2011 compared to the previous year. There has been a slight increase in trust in consumer organisations (72% vs. 69% in 2010) and in satisfaction with existing consumer protection measures (58% vs. 57% in 2010). Levels of consumer trust in public authorities (62%) and in sellers/providers (65%) have remained relatively stable. In 2011 more consumers encountered misleading or deceptive advertisements/offers (46% vs. 43% in 2010), whereas the prevalence of fraudulent advertisements/offers has remained unchanged at 29%. Consumers who experienced problems were more likely to complain about them (80% vs. 77% in 2010). Furthermore, there has been a significant increase (from 52% to 58%) in the number of consumers who were satisfied with the handling of complaints.

Table 1. *Statistical profile of consumers in EU and Bulgaria*

	Indicators	**EU27**		**Bulgaria**	
		2011	**2010**	**2011**	**2010**
1	Consumer Conditions Index	**62**	**61**	**49**	**42**
2	Percentage of consumers who feel adequately protected by existing measures*	58 %	57 %	32 %	27 %
3	Percentage of consumers who trust public authorities to protect their rights as a consumer*	62 %	62 %	54 %	42 %
4	Percentage of consumers who trust sellers/providers to respect their rights as a consumer*	65 %	65 %	41 %	34 %
5	Percentage of consumers who came across misleading or deceptive advertisements/off ers*	46 %	43 %	51 %	46 %
6	Percentage of consumers who came across fraudulent advertisements/off ers*	29 %	29 %	36 %	34 %
7	Percentage of retailers who came across misleading or deceptive advertisements/off ers made by competitors**	31 %	25 %	54 %	51 %
8	Percentage of retailers who came across fraudulent advertisements/off ers made by competitors**	23 %	20 %	37 %	40 %
9	Percentage of consumers who think a significant number of non-food products are unsafe*	25 %	20 %	28 %	28 %
10	Percentage of consumers who have encountered problems when buying something*	17 %	16 %	33 %	31 %
11	Percentage of consumers who made a complaint to a seller/provider/manufacturer*	14 %	13 %	23 %	15 %
12	Percentage of consumers who felt they had a reason to complain, but didn't*	20 %	23 %	31 %	52 %
13	Percentage of consumers who were satisfied with complaint handling*	58 %	52 %	48 %	54 %
14	Percentage of consumers who fi nd it easy to resolve disputes with sellers/providers through ADR*	52 %	48 %	30 %	23 %
15	Percentage of consumers who fi nd it easy to resolve disputes with sellers/providers through courts*	38 %	33 %	30 %	19 %
16	Percentage of consumers whose purchases were infl uenced by their environmental impact*	29 %	32 %	19 %	17 %
17	Percentage of consumers who trust consumer organisations to protect their rights as a consumer*	72 %	69 %	44 %	35 %
18	National public funding to consumer organisations – (in € per 1,000 inhabitants) total executed in 2010***	NA	157	NA	3

* Flash Eurobarometer 332 – Consumer attitudes towards cross-border trade and consumer protection, 2011.
** Flash Eurobarometer 331 – Retailers' attitudes towards cross-border trade and consumer protection, 2011.
*** Information provided by Member States.

The perception of the means of redress has also improved. More consumers find it easy to resolve disputes with sellers/providers through Alternative Dispute Resolution (ADR) (52% vs. 48% in 2010) and through the courts (38% vs. 33% in 2010). On the other hand, slightly fewer consumers (68% vs. 70% in 2010) and retailers (79% vs. 80% in 2010) actually have confidence in the safety of products.

The yearly trend of the Index from 2010 to 2011 for each country. 2011 indicates a continued improvement in the consumer conditions for the majority (19 out of 27) of the Member States. Difficult economic and budgetary conditions have had an adverse effect on the consumer environments in some countries. Four Member States (Italy, Slovenia, the UK and Ireland) have experienced a decrease in the way consumers perceive the consumer environment, whereas in four other countries (Poland, Cyprus, Portugal and Slovakia) perceptions have remained relatively stable since the previous year. In terms of the absolute value of the index in 2011, the top positions are occupied by the following countries: Luxembourg, United Kingdom, Denmark, Austria, Ireland, Finland, the Netherlands, Belgium Germany, France and Sweden.

Consumer Conditions Index in Bulgaria

Bulgaria witnesses a significant increase in the Consumer Conditions Index from 42 in 2010 to 49 in 2011.This is due to a considerable increase (of *12*, 9 and 7 percentage points, respectively) in consumer trust in public authorities, consumer organisations and sellers/providers. In addition, more consumers find it easy to resolve disputes through ADR and the courts (+ 7 and + 11 percentage points, respectively). Bulgarian consumers are also more confident in product safety (+10) and more likely to complain when they encounter problems (+22). These improvements could be connected to the EU information campaign on consumer rights which was conducted in Bulgaria in 2010 and 2011.

However, the percentage of consumers who feel adequately protected by existing measures is the second lowest in the EU (32 %). Bulgaria also has the lowest EU percentages of consumers who trust sellers/providers to respect their rights as consumers (41 %) and who trust consumer organisations to protect their rights (44 %). At the same time, a large number of retailers have encountered advertisements/offers in the market which are either fraudulent (37 %, second highest percentage in the EU) or misleading/deceptive (54 %, highest percentage in the EU).

In addition, Bulgaria has the highest percentage of consumers who encountered problems when purchasing products (33 %) and who made a complaint to a seller/provider (23 %). The percentage of consumers who find it easy to resolve disputes with sellers/ providers through ADR is only 30 % (the second lowest in the EU), whereas the environmental impact of purchases influenced only 19 % of consumers (the lowest percentage in the EU).

There is still a relatively high percentage of consumers (28 %) who consider non-food products as being unsafe and among the most disturbing tendencies is the fact that, according to the statistics, the national public funding to consumer organisations (in € per 1,000 inhabitants) is only 3 € in Bulgaria and the sum amounts to an average of 157 € for EU countries for 2010.

CONCLUSION

In conclusion, it can be argued that there are substantial differences in consumer conditions across Member States. The percentage of consumers who feel adequately protected by existing consumer measures ranges from less than 30 % to over 80 %. Similar discrepancies are observed in the levels of trust in public authorities, consumer organisations and sellers/ providers. The differences in the prevalence of misleading and fraudulent advertisements/ off ers, as reported by consumers, are as high as 30 %.There are also marked differences (of up to 50 %) in the perceived safety of products or the assessment of redress mechanisms (courts and ADR). In addition, the propensity of consumers to complain when things go wrong ranges from 40 % to over 90 %. In general, consumer conditions appear to be less favourable in the Eastern and Southern Member States (including Bulgaria), and the differences have not decreased systematically over the past years.

The above results indicate that for each of the indicators in question adequate actions are needed to enhance the simultaneous improvement of production, market and consumer conditions. Data specific to our country and other EU member-states from each edition of the Scoreboard should be regarded as a useful source of information for national policymakers and stakeholders in order to enable them to monitor the overall evolution of their consumer policies, to promote the best practices and to identify those areas where more efforts are needed in order to improve consumer conditions.

REFERENCES

1. Gaidarjieva, V. Local administration – its role in rural development, Business and regional development. Rural regions – a glimpse of Europe 2020, ISBN 978-954-9443-53-0, Stara Zagora, 2011, pp. 63-67
2. UK Department for Business, Innovation and Skills and Cabinet Offi ce Behavioural Insights Team (2011), Better Choices, Better Deals: Consumers Powering Growth.
3. Taneva, T., Subjective perception of economic risk, ISBN 978-954-9443-06-6, Stara Zagora, 2009, pp. 248
4. Consumer Markets Scoreboard (6th) SEC(2011) 1271 final
5. Consumer Markets Scoreboard (7th) SEC(2012) 165 final
6. Flash Eurobarometer 332 – Consumer attitudes towards cross-border trade and consumer protection (Fieldwork carried out in September 2011)
7. Flash Eurobarometer 331 – Retailers' attitudes towards cross-border trade and consumer protection (Fieldwork carried out in September-October 2011)
8. Special Eurobarometer 342 – Consumer empowerment (Fieldwork carried out in February – April 2010).
9. Genchev, E. „Comparison of the market potential of Bulgaria, Macedonia, Romania and Croatia" ,*Macedonian journal of animal science,* Vol. 1, No. 2, pp. 395–400, 2011
10. Rapex annual report 2011 is available at: http://ec.europa.eu/consumers/safety/rapex/docs/2011_rapex_report_en.pdf