Operational guidance document on measuring personal consumer detriment

Developed as part of the Study on measuring consumer detriment in the European Union

*Justice and
Consumers*

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This document provides guidance for assessments of personal consumer detriment in consumer markets across the EU based on the work undertaken in the context of the Study on measuring consumer detriment in the European Union.

0. Introduction and overview

0.1. Aim of this guidance

This guidance document has been developed with the aim of guiding assessments of personal consumer detriment, whether EU-wide in-depth consumer market studies focusing on a single market or cross-market assessments, based on the work undertaken in the context of the *Study on measuring consumer detriment in the European Union* (hereafter also referred to as 'the consumer detriment study').[1] It explains the methodological steps and market-specific adaptations to employ for the development of the consumer survey questionnaire and assessment of personal consumer detriment based on the data collected, and provides advice regarding the use of complementary tools and approaches for the triangulation and extrapolation of results.

0.2. Definition of personal consumer detriment

Consumer detriment arises when market outcomes fall short of their potential, resulting in welfare losses for consumers. A study commissioned by the European Commission on consumer detriment in 2007[2] differentiated between two forms of consumer detriment: 'structural detriment' and 'personal detriment':

- *Structural detriment* refers to the loss of consumer welfare in the aggregate due to market failure or regulatory failure, as compared to well-functioning markets;

- *Personal detriment* refers to the difference between the value that consumers reasonably expected to get from a good or service and the value that they actually get from it, relating to problems experienced by consumers *post-purchase*.

A key difference between structural and personal consumer detriment is that while the latter affects an individual in a specific transaction, the former arises from a structural problem that affects an entire market or sector. The incidence of structural consumer detriment is therefore largely independent of an individual consumer's decision-making ability, behavioural bias, expectations, etc. Indeed, it is likely to affect the majority of consumers in that market or sector.

The 2007 detriment study explained that it applied the term 'personal' because it relates to the personal experience of those consumers for whom *something goes wrong*. It is a topic that is regularly addressed in in-depth market studies and the European Commission's Consumer Scoreboards, it is a pivotal element for setting priorities in sectoral or competition policies, and is in general the focus of many consumer protection activities and much legislation affecting consumers. Accordingly, the methodology developed in the context of the consumer detriment study (hereafter referred to as 'the methodology') focuses on the assessment of *personal consumer detriment*.

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[1] Civic Consulting, *Study on measuring consumer detriment in the European Union*, 2016.

[2] Europe Economics, *An Analysis of the Issue of Consumer Detriment and the Most Appropriate Methodologies to Estimate It*, 2007.

Furthermore, the OECD Consumer Policy Toolkit (2010)[3] and previous survey-based assessments of consumer detriment[4] have made the distinction between detriment that consumers are aware of — termed *revealed detriment* — and detriment which consumers are unaware of — termed *unrevealed* or *hidden detriment*. Research conducted in the consumer detriment study concluded that hidden detriment is primarily captured with the concept of structural detriment, because it tends to relate to problems affecting consumers in the aggregate through market or regulatory failures. Moreover, as problems reported by consumers are the focus of the assessment of personal consumer detriment, a consumer survey is used as part of the methodology, which thereby focuses on the assessment of *revealed personal consumer detriment*.

Hence, the following is the <u>definition of revealed personal consumer detriment</u> developed in order to guide the application of the methodology:

> **Revealed personal consumer detriment** *is defined as negative outcomes for individual consumers that they become aware of following the purchase or use of a good or service, measured relative to what would reasonably have been expected given the type of transaction.*

Both the structural and hidden forms of detriment are important to consider in a policy perspective in addition to revealed personal consumer detriment. However, for assessing structural and/or hidden detriment, other methodological approaches will be needed. For structural detriment, this could involve sector inquiries as well as specific methods relating to assessing market power such as modelling.[5] For unrevealed detriment relating to welfare losses that result for example from not knowing about the possibility to switch to another provider offering a lower-priced tariff with the same properties, or from having to pay a higher price for goods purchased online due to websites' consumer profiling, this could involve market research on available tariffs/price variations according to different profiles, possibly complemented by behavioural research concerning switching behaviour of consumers.

0.3. Key concepts concerning the measurement of personal consumer detriment

Two main aspects of revealed personal consumer detriment need to be measured as part of an assessment of revealed personal consumer detriment: the <u>*incidence* and the *magnitude* of detriment</u>.

> *In a survey sample, the incidence refers to the proportion of respondents who experienced a problem in a given time period as a percentage of the total sample surveyed.*

Measuring incidence of detriment therefore equates to providing an estimate of the occurrence of problems in a given market.

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[3] Available at http://dx.doi.org/10.1787/9789264079663-en

[4] Consumer Affairs Victoria (2006); Office of Fair Trading (2008); London Economics (2009); UK Department for Business Innovation and Skills/TNS (2014); Irish Competition and Consumer Protection Commission /Ipsos MORI (2014).

[5] Examples of methodological approaches to assess structural detriment outlined in the 2007 detriment study include analysing data relating to market power such as price mark-ups and concentration indices, theoretical market models, or other modelling involving econometrics or simulations. Moreover, Commission policies addressing structural detriment include e.g. competition policies (such as antitrust policy) or internal market policies aimed at reducing barriers to cross-border trade.

In a survey sample, the average magnitude of personal consumer detriment refers to the extent or the level to which respondents who experienced a problem suffered detriment on average. [6]

Measuring magnitude of detriment therefore equates to providing an estimate of severity or gravity of problems in a given market. <u>Magnitude of detriment can be measured in terms of several dimensions:</u> *financial detriment, time loss, psychological detriment,* or *adverse effects on health.*

- *Financial detriment* can be defined as the monetary costs and losses incurred by the consumer as a result of a problem with a good or service. It refers both to the financial losses resulting directly from the problem as well as costs incurred from trying to sort out the problem. Two estimates, corresponding to two different stages, can be distinguished: pre-redress financial detriment (i.e. prior to receiving any substantial redress, e.g. in the form of monetary reimbursement or compensation, or replacing the good or service, etc.) and post-redress financial detriment (i.e. financial detriment net of any redress received).

- *Time loss* refers to the total amount of time a consumer has spent either as direct result of a problem, e.g. in cases of delay, or from trying to sort a problem out, e.g. by travelling to the trader's premises. Time loss is a critical dimension of personal detriment, as many problems may be of little direct financial consequence to consumers but nonetheless a significant cause of detriment when considering the value of the time loss.

- *Psychological detriment* refers to the emotional stress experienced by consumers as a result of problems, in terms of frustration, anxiety, anger or offence, or disappointment. Similarly to time loss, psychological detriment is a critical dimension of personal detriment, which is often likely to go hand in hand with substantial time loss.

For a comprehensive assessment of magnitude of detriment in most consumer markets, financial detriment, time loss and psychological detriment should be assessed. In addition, adverse health effects (e.g. injuries) could be considered in the context of markets for which these dimensions would be specifically relevant. [7]

0.4. Overview of steps to apply the methodology

The implementation of the methodology follows a series of steps, which form part of three main phases – <u>the definition of the scope of the data collection, adaptation of the consumer survey questionnaire to the selected markets, and implementation of the assessment, triangulation and extrapolation</u> – as shown in the diagram below.

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[6] Personal consumer detriment at the market level (measured by combining incidence and magnitude) is discussed as part of the extrapolation in Step 3.

[7] Examples of relevant questions for assessing adverse health effects are provided in Europe Economics, *An Analysis of the Issue of Consumer Detriment and the Most Appropriate Methodologies to Estimate It*, London, 2007 and Ipsos MRBI / Competition and Consumer Protection Commission, *Consumer Detriment Survey 2014*, 2014 respectively.

Figure 1: Overview of steps to apply the methodology

Definition of the scope of the data collection	Adaptation of consumer survey questionnaire to the selected markets	Implementation of the assessment, triangulation and extrapolation
• Define the geographical scope of the assessment • Select the market(s) for assessment • Determine the required sample size and survey mode • Determine the additional data collection tool(s) to be used for triangulation of the results of the consumer survey, if necessary • Consider the need for additional data collection tool(s) for assessing personal consumer detriment among specific vulnerable consumer groups or in very low penetration markets	• Adapt screener questions to type of assessment • Identify relevant products for markets selected and adapt related survey questions • Identify relevant problem types for markets selected and adapt related survey questions • Establish dimensions of personal consumer detriment to measure and adapt related questions • Establish additional contextual information to assess and adapt related questions • Adapt questions on socio-demographics and consumer expectations	• Measure the incidence of detriment based on the consumer survey data • Measure the magnitude of detriment based on the consumer survey data • Provide context to the detriment measured, if relevant • Triangulate results of consumer survey with other data sources, if relevant • Extrapolate results to EU level, if relevant

In the following we describe each of these steps in detail.

Step 1 - Definition of the scope of the data collection

1.1. Define the geographical scope of the assessment

The first step of the assessment is to define its geographical scope. If the assessment is aimed at extrapolating the results of a sample of countries to the EU level, criteria for the selection of countries to be surveyed should be established. These could include the EU region (Northern, Western, Southern or Eastern Europe), market size (e.g. population size), perceived level of consumer protection (using e.g. Eurobarometer survey data), and incidence of consumer detriment (using e.g. data from Eurobarometer surveys or the European Commission's Market Monitoring Survey (MMS),[8] see below).

1.2. Select the market(s) for assessment

The number and nature of consumer goods and services markets selected for assessment have important implications for the methodological approach. For example, assessing several markets (i.e. a 'cross-market assessment') implies designing 'screener' questions applicable across all these markets (see Step 2.1 below for more details).

1.3. Determine the required sample size and survey mode

The assessment of the incidence and magnitude of personal consumer detriment is based on a consumer survey conducted in the country or countries to be covered by the research. The survey targets the overall population and does not apply any pre-screening of respondents.[9] When applying the methodology, the sample size and the survey mode have to be determined. The sample size depends, among others, on the expected incidence rate of problems experienced by consumers in the selected markets(s), as a certain minimum number of respondents with problems has to be identified to determine the average magnitude of detriment.[10]

The <u>expected incidence rate of problems in the selected market(s) can be estimated using data from the European Commission's Consumer Market Scoreboard/Market Monitoring Survey (MMS).</u> This is done by multiplying the MMS *problem rate* – i.e. the percentage of respondents who reported experiencing a problem in a market, as a proportion of those who purchased/paid for a good or service in the market in question – by the *market penetration rate,* i.e. the percentage of respondents who

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[8] European Commission, Monitoring Consumer Markets in the European Union. Available at: http://ec.europa.eu/consumers/consumer_evidence/consumer_scoreboards/ market_monitoring/index_en.htm

[9] The absence of any pre-screening allows for establishing the incidence rate of problems experienced in the population directly for multiple markets at the same time (cross-market assessment). In contrast, a study focusing on one single market will typically pre-screen potential respondents to identify consumers that purchased/paid for the selected good or service, and ask at a later stage whether or not a problem was experienced with this good or service. In this case, the incidence rate of problems with the good or service in the population is not directly established and has to be calculated through applying an appropriate market penetration rate (e.g. measured during the pre-screening of respondents or through the Market Monitoring Survey).

[10] For example, regarding the surveys conducted for testing the methodology a base size of 50 or more respondents who experienced a problem per country and market were considered appropriate to calculate average levels of detriment. Where base sizes were below 50 respondents, average levels of detriment were provided, with a note that these results are to be interpreted with caution. Base sizes below 30 respondents were considered insufficient for calculation of averages.

purchased/paid for a good or service in the market in question in the reference period as a proportion of those who were sampled.[11]

The estimated incidence rate of problems for that market in the population can then be used to estimate the required sample size for the survey, based on the target number of respondents who experienced a problem, which has to be defined in the design phase of the assessment. The lower the expected incidence rate of problems and the bigger the targeted number of respondents who experienced a problem, the larger the size of the survey sample that is needed. This is illustrated in the table below:

Table 1: Required sample sizes to reach target number of respondents

Expected incidence rate of problems	Target number of respondents who experienced a problem		
	30	50	70
1%	3000	5000	7000
2%	1500	2500	3500
3%	1000	1700	2350
4%	750	1250	1750
5%	600	1000	1400
7%	450	750	1000
10%	300	500	700
15%	200	350	500
20%	150	250	350

Source: Civic Consulting. Note: Required sample sizes rounded to the next higher multiple of 50.

For example, if a survey aims at identifying at least 50 respondents who experienced a problem in a given market and country and the expected incidence rate calculated based on MMS data for this market is 15%, a minimum of about 350 respondents would need to be sampled. In contrast, considering the example of the market for large household appliances, which has both a substantially lower penetration rate and a lower problem rate, leading to an expected incidence rate of problems in the population of 4%, a minimum of around 1250 respondents would need to be sampled to identify at least 50 respondents who experienced a problem.

The table also illustrates why markets in which consumers particularly rarely make transactions – defined as markets with very low penetration rates[12] – are likely to be unsuitable for a survey-based assessment. The resulting incidence of problems in the population is very low, and even with large sample sizes for the survey (or extensive pre-screening in case of single market assessments), it is unlikely that a sufficient number of respondents who have experienced problems could be identified in these markets to allow for an analysis of detriment. Therefore other, complementary tools are likely to be required (see Step 1.5 for further details).

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[11] The specific questions applied and sample size used as a basis for estimating the problem rate in the Market Monitoring Survey should be taken into account when interpreting the expected incidence rate, as the screener questions proposed in this methodology used as a basis for estimating incidence differ (see Step 2 for an overview of the questionnaire).

[12] Markets with very low penetration rates, such as online gambling, can be identified using data from the European Commission's Market Monitoring Survey.

Other considerations that affect the needed sample sizes are the targeted confidence level, the acceptable margin of error, and the standard deviation, if observed in previous assessments of detriment. As a rule, higher confidence levels, lower margins of error and higher standard deviations (e.g. of reported financial detriment) in target markets all require a larger sample size of respondents who experienced problems.[13]

Another choice to be made in the preparatory phase of the assessment concerns the survey mode. For example, for developing the methodology in the consumer detriment study, two survey modes were used – online panels and face-to-face omnibus surveys (with a sample size of 2000 for both modes in each of the surveyed countries). After controlling for the different socio-demographic composition of the survey samples, the choice of survey mode was found to have a highly statistically significant effect on the likelihood of reporting problems in the markets under study, with online survey respondents being roughly three times more likely than face-to-face respondents to report a problem. The higher incidence rates obtained in the online mode can affect the required sample size considerably.[14]

All survey modes, including the online and face-to-face modes used for developing the methodology but also the telephone mode used in the MMS, have certain advantages but also potential sources of bias, which may differ between modes. For example, online surveys provide anonymity and each respondent can choose the appropriate time frame for responding, but these surveys are also more susceptible to self-selection bias, since respondents consciously choose whether or not to participate in an online panel. While the quota based sampling approach that is applied in the online mode and the subsequent weighting procedure serves to reduce the self-selection bias of online panels by matching the composition of the respondents from the panel with the composition of the population, the non-online population is by definition not represented in this type of panel. In contrast, both face-to-face and telephone surveys are based on a stratified probability sampling approach, which is designed to be representative for the overall population, but they also place greater time and social pressure on respondents (due to the presence of an interviewer), which has been shown to produce less accurate or less detailed responses in some circumstances.[15] Also, in both face-to-face and phone surveys the number of targeted consumers not willing to participate in the survey may be substantial, introducing a certain level of self-selection bias as well.

While face-to face surveys with a probability sampling design are generally considered to be the most robust mode and therefore the gold standard in market research, the mentioned potential biases in all modes do not make it possible to state definitively and for all situations the degree to which results obtained in one mode are more accurate than results obtained in another.[16]

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[13] Such statistical considerations apply to sampling in general. See e.g. https://www.qualtrics.com/blog/determining-sample-size/ for an overview.

[14] For example, assuming a targeted number of 50 respondents who experienced a problem per market and country, with a sample size of 2000, the face-to face-survey conducted in the consumer detriment study for testing the methodology did not reach this target number of respondents (or base size) in more than a third of the market/country combinations. In contrast, the online survey with an identical sample size reached the base size of 50 in all markets/countries. Even if the sample size for the online survey had been 1000, the survey would have obtained the base size of 50 or more in most market/country combinations.

[15] See for example Duffy et al (2005), "Comparing data from online and face-to-face surveys", available at https://www.ipsos-mori.com/Assets/Docs/Archive/Publications/comparing-data.pdf

[16] Further research into the relative accuracy of one survey mode over another could be conducted e.g. through experiments involving randomised controlled trials (RCTs) designed specifically to test the mode effect.

Taking note of the strength of the mode effect described above (which cannot be explained through socio-demographic differences in sample composition according to the results of the regression analysis), it is recommended that for estimating incidence of consumer problems in a given market, data from one survey mode be complemented with data from other survey modes, if available, to establish ranges of estimates.

This could be done, for example, by complementing the incidence estimate from an online survey – which is the survey mode implying the lowest costs – with the results of an omnibus face-to-face survey (as was done in the consumer detriment study) or with an estimate based on existing data from a Eurobarometer survey (often a face-to-face survey) or the MMS (which is based on a phone survey).[17] Estimates of incidence of problems should be presented as ranges of results from different modes, where possible, rather than relying on point estimates from a single mode.

In contrast, the broadly similar results for the magnitude of financial detriment across the two modes tested for the development of the methodology would imply that it is adequate to estimate magnitude of detriment based on results from only one survey mode.

1.4. Determine the additional data collection tool(s) to be used for triangulation of the results of the consumer survey, if necessary

The European Commission Better Regulation Toolbox (Tool 2) emphasises the benefit of triangulation, in the sense that it can facilitate validation of data through cross verification from two or more sources by "the application and combination of several research methodologies in the study of the same phenomenon", as it "enhances confidence in results if different methods lead to the same result". Accordingly, beyond the assessment of personal consumer detriment itself, the extent to which the findings of the assessment will be triangulated with other relevant data has to be defined. Possible <u>sources of data for triangulation</u> include:

- Review of literature and previous surveys and reports (including the European Commission's Consumer Market Scoreboard/Market Monitoring Survey, market studies and Eurobarometers);
- Interviews with experts, consumer organisations and complaint handling bodies;
- Data on consumer complaints;
- Mystery shopping exercises;
- Court awards for cases of harm or injury, in cases where the measurement of detriment from adverse effects on health is included in the assessment.

A review of literature and previous reports and surveys as well as selected interviews is an important source of data to consider, given that it is also required for refining problem categories and other elements of the questionnaire (see below for details).[18]

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[17] In the latter case, results will have to be interpreted with care, as the wording of questions regarding problems consumers have experienced with goods or services will likely differ from the wording developed in this methodology (see also Annex I of the consumer detriment study).

[18] Annex XVIII of the consumer detriment study presents a list of relevant literature.

Data on consumer complaints across EU Member States is becoming increasingly harmonised and centrally available thanks to the development of the European Commission harmonised complaints database.[19] Complaints data also span the same range of potential types of problems as those that are relevant for a consumer survey. In this regard, EU consumer complaints data allow for comprehensive triangulation of data across the range of problem types reported in the consumer survey. Nonetheless, gaps in the database, e.g. concerning specific countries, markets or time periods, may call for a survey of complaint handling bodies to complement the data from the harmonised database.

Another potential complementary tool to obtain data for triangulation is a mystery shopping exercise. In order to cover a significant share of traders active in the markets and countries selected for analysis, a web check based on the review of the websites of traders can be considered. Such an exercise allows for the identification of issues related to selected unfair commercial practices and to the provision of pre-contractual information that potentially could cause consumer detriment, and can therefore be used to triangulate consumer survey results for corresponding problem types. However, due to its specific focus, its use should primarily be considered for markets in which consumer problems related to advertising and provision of pre-contractual information are a concern, e.g. for mobile telephone services.[20]

Further details on the approach to triangulation are provided below (Step 3.4).

1.5. Consider the need for additional data collection tool(s) for the assessment among specific vulnerable consumer groups or in very low penetration markets

Assuming that the number of survey respondents that have experienced a problem is sufficiently large, it will be possible to analyse and compare the incidence and magnitude of detriment of sub-samples of respondents, including those presenting factors associated with/drivers of consumer vulnerability[21] (defined in the following as 'vulnerable consumer groups') on the basis of targeted questions. See Step 2.3 for an overview of survey questions relating to factors/drivers of consumer vulnerability in the questionnaire. For instance, a question on the frequency of internet use was added to the face-to-face survey questionnaire in the consumer detriment study, as a useful proxy for identifying vulnerable consumer groups.

However, a survey may not always deliver a sufficient number of respondents for an assessment of the detriment among specific types of vulnerable consumers, as some relevant groups are less likely to be captured by a survey even with large sample sizes (such as migrants with language difficulties or such as consumers with less access to the internet, as shown in the consumer detriment study results). Moreover, a survey

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[19] The European Commission harmonised consumer complaints database can be accessed here: http://ec.europa.eu/consumers/consumer_evidence/data_consumer_complaints/index_en.htm.

[20] Please see the results of the triangulation of consumer survey results in the main report of the study on measuring consumer detriment in the European Union for an illustration.

[21] Consumer vulnerability is a multi-faceted and complex concept, as highlighted in European Commission, *Consumer vulnerability across key markets in the European Union*, 2016. The study characteristics vulnerability according to the following dimensions: heightened risk of negative outcomes or impacts on well-being; having characteristics that limit ability to maximise well-being; having difficulty in obtaining or assimilating information; inability or failure to buy, choose or access suitable products; and, higher susceptibility to marketing practices, creating imbalances in market interactions. The study identified several factors associated with/drivers of vulnerability as defined by these dimensions, including personal and demographic characteristics (e.g. old age, low education), situational drivers of vulnerability (e.g. long-term unemployment, or difficulty to make ends meet), behavioural drivers of vulnerability (e.g. very low willingness to take risks), or access drivers of vulnerability (e.g. infrequent internet use).

is typically not well suited for providing details on the reasons for which vulnerable consumers suffer from detriment, which are also important from a policymaking perspective.

Hence, for an in-depth assessment of detriment among vulnerable consumers, a first step could be contacting relevant consumer organisations or other organisations representing the groups of interest to collect information and potentially identify vulnerable consumers in specific markets for targeted interviews. Qualitative research targeting experts relevant for those vulnerable groups and/or the vulnerable consumers themselves can provide in-depth information on consumers' experiences.[22]

Moreover, while markets with a relatively lower penetration rate can still be targeted in surveys, markets with exceptionally low penetration rates, e.g. online gambling, would pose challenges for an accurate assessment of detriment, since the costs needed to achieve a sufficiently large sample size of respondents having suffered detriment are very high. In an assessment focusing on one market (i.e. a single-market assessment), options include the use of a larger reference period for such markets (e.g. asking respondents to recall problems 2 or 3 years ago), or pre-screening the sample. However, if this is not feasible, additional tools are necessary. This could involve contacting relevant stakeholders such as complaint handling bodies and relevant consumer groups to collect targeted information and identify consumers that regularly make purchases in those markets. Similarly to the approach described for vulnerable consumer groups, additional qualitative research could be envisaged, including through interviews and focus groups with consumers who have experienced a problem in the selected market(s).

Such additional pre-screening and/or tools would also be necessary for an assessment focusing on specific consumer groups, defined on the basis of personal characteristics, e.g. older age groups, or consumer experience, e.g. consumers who took a trader to court or to an alternative dispute resolution body.

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[22] Common methods of qualitative research include focus groups or individual unstructured or semi-structured interviews. The sample size is generally small, and respondents are selected to fulfil a given quota – e.g. a particular sub-set of consumers such as retired or old age consumers. Qualitative research is used to gain an understanding of underlying reasons, motivations or opinions, and may provide deeper insights into the detriment or help develop ideas or hypotheses for a potential quantitative survey.

Step 2 - Consumer survey questionnaire

The consumer survey questionnaire implemented in the consumer detriment study is in Annex III of the main report.

The consumer survey questionnaire is composed of three main components: <u>the screener, the market module(s) and the socio-demographic questions</u>, potentially also including a control question on consumer expectations.[23] The questions can be sub-divided into three broad categories: those needed for measuring *incidence of personal consumer detriment*, or for measuring *magnitude of personal consumer detriment*, and those that provide *additional 'contextual' information* for the assessment.

The diagram below provides a graphical overview of the questionnaire.

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[23] A control question on expectations was included in the survey implemented in the consumer detriment study, to control for the effect of consumer expectations on the magnitude of the financial detriment experienced. Results showed that consumer expectations do not have a significant effect on financial detriment in the markets assessed in the study. Nevertheless, including a question on consumer expectations in future assessments could be considered on a case-by-case basis.

Figure 2: Overview of questionnaire

Initial sociodemographic questions
- Asked to whole sample
- Provide contextual information on the respondent (age, region, gender)

Screener
- Asked to whole sample
- Determines whether respondent experienced problem(s) in the sample markets, and thereby establishes *incidence* of detriment across the sample markets
- Determines in which market respondent experienced most serious problem, to be explored in market module

Market module no.1
- Asked to sub-sample experiencing problems
- Focuses on most serious problem
- Establishes magnitude of detriment for market in question, in terms of financial detriment, time loss and psychological detriment
- Provides contextual information on the detriment

Market module no.2
- Asked to sub-sample experiencing problems
- Focuses on second most serious problem, if applicable
- Contributes to establishing magnitude of detriment and providing related contextual information

Final socio-demographic/control questions
- Can be asked either to the whole sample or only to those who experienced problems, depending on needs
- Provide contextual information on the respondent (such as education level, financial situation, and expectations concerning goods and services)

Source: Civic Consulting. Note: The order of the questions presented in the diagram is based on the online survey questionnaire that was implemented in the consumer detriment study and where gender, age and region were used to set quotas and other standard socio-demographic and control questions were asked at the end and posed in standard order.

The following sub-sections describe each of the components of the questionnaire in more detail and provide guidance as to how to adapt these components to the needs of the assessment.

2.1. Screener questions

The screener refers to the set of questions asked of the entire sample aimed at both jogging the respondent's memory into remembering problems relevant for the selected market(s) and establishing in which of the market(s) the respondent experienced problem(s) and in which market his/her most serious problem was experienced.

The screener questions are therefore instrumental for assessing the *incidence* of personal consumer detriment in the selected markets. The screener also clarifies that respondents should only report problems for which they had a legitimate cause for

complaint. Referring only to those problems that can be considered a 'legitimate cause for complaint' creates a benchmark for the concept of reasonable expectations in the definition of personal consumer detriment outlined above.

The table below provides an overview of the screener questions developed and applied in the consumer detriment study.

Table 2: Overview of screener questions

Q.	Question topic	Incidence measurement	Magnitude measurement
S1	Examples of types of consumer problems	√	
S2A/B	Markets in which problems experienced	√	
S3	Market in which most serious problem experienced		√

Source: Civic Consulting. Screener questions are asked to the entire sample.

The adaptation of the screener questions depends on whether a cross-market assessment (involving multiple markets) or a single-market assessment is conducted. The table below outlines the approach for adapting the screener in the case of a cross-market assessment. For a single-market assessment, a similar approach can be applied, although, only one question is likely to be necessary (S1).

Table 3: Screener questions for cross-market assessment –S1 to S3

Q.	Cross-market assessment, question and answer items
S1 -Examples of types of consumer problems	Question: *Does looking at the list below remind you of any problems experienced in the last 12 months for which you feel you had a legitimate cause for complaint?* *- Faulty goods or services* *- Late or no delivery* *- Billing issues* *- Poor customer service* *- Misleading information or advertising* *- Guarantee or warranty not honoured* *- No or inadequate compensation offered when something went wrong* *- Problems cancelling a contract*
	Answer items: *(1) Yes* *(2) No*
S2A - Markets in which problems experienced* (If 'No' in S1)	Question: *To help remind you about any problems you may have experienced, the list below outlines different types of goods or services.* *Please indicate all goods or services you have experienced a problem with in the last 12 months, either with the goods or services or the seller/provider.* *It doesn't matter whether or not you complained about the problem, but it must be something for which you had a legitimate cause for complaint.*
	Answer items: List of markets assessed, followed by answer items *'Other good or service'* and *'Did not have any problem'*
S2B - Markets in which problems experienced* (If 'Yes' in S1)	Question: *Please look through the list below and indicate all goods or services you have experienced a problem with in the last 12 months, either with the goods or services or the seller/provider, for which you consider you had a legitimate cause for complaint.*
	Answer items: List of markets assessed, followed by answer items *'Other good or service'* and *'Did not have any problem'*
S3 - Market in which most serious problem experienced (If at least one market selected in S2A/S2B)	Question: *With which of the goods or services listed below did you experience the most serious problem (i.e. that caused you the most trouble or cost)?*
	Answer items: List of markets selected in S2A/S2B

Source: Civic Consulting. (*) If the respondent selects one (and only one) relevant market in this question, then he/she is then taken to the market module questions.

If the assessment covers a small number of markets of a similar nature (e.g. only subscription services), the list of examples of problems in <u>S1 could be made more relevant to those market(s)</u> (e.g. by excluding 'Later or no delivery', in case only subscription services are assessed). Moreover, it is recommended to use a time period of <u>12 months as the most appropriate time period</u> to facilitate respondent recall. However, in a single-market assessment focusing on one market with a relatively lower penetration rate (e.g. the mortgages market), a longer period can be applied. A

benchmark in such cases is the reference periods applied in the European Commission's Market Monitoring Survey/Consumer Markets Scoreboard.[24]

Finally, if the assessment covers a large number of markets, the markets in the answer items in S2A/S2B can also be grouped according to the clusters in the Consumer Markets Scoreboard (e.g. 'Telecoms', 'Utilities', 'Semi-durable goods').

2.2. Market module questions

The market module refers to a set of market-specific questions aimed at exploring the most serious problem(s) experienced by the respondent in depth, in particular in terms of the magnitude of financial detriment, time loss and psychological detriment relating to the problem.

The market module questions are thus only asked of the sub-sample of respondents who experienced problem(s) in at least one of the assessed market(s). It is recommended to develop <u>one specific market module for each market assessed</u> (assuming the markets are defined in the same way as in the Consumer Markets Scoreboard / Recommendation on consumer complaints).

If a large number of markets are to be covered, the use of <u>market modules with more generically phrased questions</u> could be considered in order to be suitable for several, similar markets - such as for durable consumer goods or for subscription services.

Moreover, in order to enlarge the sample of respondents who reported problems, one option is to ask respondents to identify the market in which they experienced their second most serious problem from the markets subject to assessment (if they indeed experienced a second problem in these markets), and thus complete <u>a second market module</u>. This can be done via a follow-up question M18, as shown in the table below.

The table below provides an overview of the market module questions applied in the methodology.

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[24] For the list of reference periods, see p.13 in European Commission, *Monitoring Consumer Markets in the European Union 2013 - Part I*, 2013. However, please also refer to recommendation in Section 3 in Annex I concerning the reference periods for durable goods.

Table 4: Overview of market module question topics.

Q.	Question topic	Magnitude measurement	Contextual information
M1	Specific product/service		√
M2	Age of good/service		√
M3	Amount paid or reference amount for good/service	√	
M4	Sales channel		√
M5	Location of the trader		√
M6	Problem description		√
M7	Over-/extra charges or hidden fees	√	
M8	Usability of the good or service	√	
M9	Actions taken by the consumer	√	√
M9B	Reasons for not taking action		√
M10	Time loss	√	
M11	Psychological detriment	√	
M12	Money spent trying to sort out the problem	√	
M13*	Estimation of 'fair price' for good/service	√	
M14	Actions taken by the trader	√	√
M15	Amount received as reimbursement/ compensation	√	
M16	Status of the problem		√
M17	Duration of the problem	√	
M18**	Market in which 2nd most serious problem experienced	√	

Source: Civic Consulting. Market module questions are only asked of the sub-sample who experienced problem(s) in the assessed market(s). (*) The estimation of 'fair price' for good/service is not an essential element of the methodology, see Section 6.6.2. of the consumer detriment study. (**) Only applies if survey allows for up to two most serious problems to be reported.

2.2.1. Adaptation of the market module questions

There are <u>two main types of markets that generally require the same type of market-specific adaptations</u>: *goods markets* and *subscription services markets* (i.e. services provided to the consumer on a continuous basis in exchange for a regular payment e.g. mobile telephone service, electricity, internet, etc.). For markets that do not fall within either of these two categories, there are no uniformly applicable question and answer items, such that <u>adaptations of the questionnaire would generally need to be specifically tailored to the market in question</u> (as was done for the markets for train services and loans, credit and credit cards in the consumer detriment study). Accordingly, the adaptations to be applied for individual market modules outlined below are structured according to goods, subscription services and 'other services', the latter of which draws on the adaptations proposed for goods and subscription services. We also provide examples of questions and answer items for train services and loans credit and credit cards in the following subsections.

Furthermore, two adaptations that could be implemented at the beginning for all questions of each market module concern the appropriate market-specific wordings for traders and the products sold in the market in general terms, as follows:

- *Wording for trader*: In goods markets, generally 'seller' is the most appropriate, in light of its broad applicability. For subscription services, generally 'provider' is most appropriate, although more specific wording can be applied in some cases (e.g. electricity supplier). For other services, market-specific wording that is sufficiently broadly applicable to the variety of traders in that market (e.g. for consumer credit: 'credit provider', which covers both financial institutions and retailers offering store cards) may need to be developed.

- *Wording for product:* In some cases it is sufficient to apply the name of the market in the singular form, e.g. 'this mobile telephone service', 'this electricity service', 'this train service'. In some cases shorter wording will be needed e.g. 'this appliance'. Finally, in some cases concise wording that accounts for the diversity of products in the market will need to be developed e.g. 'this item' for a product in the clothing, footwear and bags market, or 'this banking service' for a product in the loans, credit and credit cards market.

In the following we explore the adaptations needed for each question of the market module. For each question or group of questions, we provide a table that outlines the specific adaptations needed according to the three types of markets – goods, subscription services, and other services, with additional comments to indicate where other market-specific changes may be necessary, as well as examples.

In the tables, [seller/provider] and [good/service] refer to the market-specific wording for the trader and product in each market. If there are generic question/input wording and/or answer items (i.e. that are applicable across market modules), then these are indicated in the column 'Goods' (which the 'Subscription services' and 'Other services' then refer to).

2.2.2. Identify relevant products for markets selected and adapt question on the specific product/service linked to the problem experienced

From a policy perspective it is important to know <u>which type(s) of product are linked to the problem(s) reported by consumers in the markets assessed</u>. Once the markets for assessment are defined, a detailed list of products that constitute a specific market should be developed as a basis for the first question of the market module. To this end, there are several classification systems of markets and the products they include; key relevant classification systems are the ones outlined in the EC Recommendation on harmonising complaints classification systems, in the Consumer Market Scoreboards, or the United Nations Central Product Classification system.[25] If data on consumer complaints is used in order to triangulate the results from the consumer survey (see Step 3.4 below), it is recommended to use the classification system in the Recommendation for the consumer survey, to ensure compatibility.

In the case of some markets, the list of products in the classification system may not be sufficiently granular for assessing the types of problems that are of interest. This is particularly relevant for subscription services, where the lists of products are rather concise, e.g. for electricity services, problems with both standalone electricity contracts and when bundled with gas may be of interest. Another example is the market for train services, in which problems with the transport of mobility equipment for disabled passengers may also be of interest. In such cases, products should be added to the list or further specified as appropriate.

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[25] Available at http://unstats.un.org/unsd/cr/registry/cpc-21.asp

The final list of products for the market(s) selected should then act as a basis for the answer items in question M1 of each of the market modules of the consumer survey. The table below outlines the adaptations for the related question and answer items, including examples of answer items from the market modules developed in the consumer detriment study.

Table 5: Question on the specific product/service linked to the problem experienced – M1

Question	Goods	Subscription services	Other services
M1 - Specific product/service	Question: *With which of the following did you experience the problem?*	*What type of [service] did you have when you experienced the problem?*	Either the question wording for goods or subscription services would generally apply.
	Answer items: Answer items should be based on the market-specific list of products developed. The following is an example for the market for large household appliances:	Answer items should be based on the market-specific list of products developed. The following is an example for the market for electricity services:	Answer items should be based on the market-specific list of products developed, as in the example for the market for loans, credit and credit cards below:
	(1) Electric cooker, stove, oven or micro-wave oven	*(1) Electricity subscription (with regular payments)*	*(1) Loan (e.g. personal loan or car loan)*
	(2) Refrigerators, freezer or fridge-freezer	*(2) Prepaid electricity (with payment upfront)*	*(2) Credit cards*
	(3) Washing machine, dryer or ironing and pressing machine	*(3) Electricity as part of a bundle with other services, e.g. gas, water, insurance etc. (subscription)*	*(3) Store card with credit function*
	(4) Dishwasher	*(4) Electricity as part of a bundle with other services, e.g. gas, water, insurance etc. (prepaid)*	*(4) Other consumer credit*
	(5) Air conditioner, humidifier or ventilator	*(5) Other*	Depending on the market, it may make sense to allow multiple items to be selected, as in the example for the market for train services below:
	(6) Water heater or space heater (e.g. radiator)		*(1) Travelling by train as passenger*
	(7) Vacuum cleaner or steam-cleaning machine		*(2) Transporting a bicycle by train*
	(8) Carpet shampooing machine or machine for scrubbing, waxing and polishing floors		*(3) Transporting another vehicle by train (e.g. a car or a scooter)*
	(9) Sewing machine or knitting machine		*(4) Transporting mobility equipment for disabled passengers*
	(10) Package of multiple large household appliances		*(5) Luggage transport by train*
	(11) Other		*(6) Other*

Source: Civic Consulting. Note: for detailed scripting instructions, please refer to the consumer survey questionnaire of the consumer detriment study, Annex III.

2.2.3. Identify relevant problem types for markets selected and adapt question on the description of the problem experienced

In view of targeted policy measures to address personal consumer detriment evidenced by the assessment, it is also important to know the <u>type of problems that are the cause of the detriment reported</u>. A list of types of problems encountered by consumers in the selected market(s) should therefore be developed, to allow the respondent to identify the type of problem he or she experienced.

For the purposes of triangulation of the consumer survey data with complaints data, the problem types should generally be consistent with the <u>chosen categorisation level of the European Commission's harmonised complaints database</u>.[26] Therefore, an initial list of common problems satisfying these criteria should be established, on the basis of market-specific literature and data sources as well as previous market-specific surveys, if available. Following this, it is recommended to consult the harmonised complaints database for the market(s) and country(ies) selected and rank the complaints data in terms of frequency of complaints, from most to least frequent. The most frequent complaint categories will then serve as an indication as to the most relevant problem types for inclusion in the list.

In the consumer detriment study, markets of a similar nature tended to have similar rankings of complaint categories. For example, complaints concerning incorrect billing were among the highest ranked for electricity services and mobile telephones services, i.e. subscription services that are typically paid for with monthly bills. In contrast, complaints relating to the delivery of the good or service were highest among clothing and footwear and large household appliances. For other types of markets, e.g. loans, credit and credit cards or train services, similarities with these different types of markets were observed, but were however not systematic.[27]

In addition, it is important to note that there may be types of problems for which consumers tend not to lodge formal complaints, but which could nonetheless be a frequent source of personal consumer detriment or simply relevant to be explored from a policy perspective (e.g. aggressive selling practices, which generally have a low rate of complaints relative to other types of problems). Some problem types are also particularly relevant for certain markets (e.g. delays for train services or problems with repayment schedule for loans, credit and credit cards), while other problem types may be highly relevant from the perspective of almost all markets (e.g. misleading advertising or unsatisfactory customer service). In this regard, it is recommended to conduct <u>interviews with relevant stakeholders</u> (e.g. consumer/regulatory authority or consumer association relevant for the market, academic experts, etc.) <u>to validate and refine the initial list of problems before carrying out the survey</u>.

Furthermore, the list should only feature <u>types of problems that can reasonably be considered a source of revealed personal consumer detriment</u>, as per the definition indicated above. This means checking that the problems involve negative outcomes that consumers generally become aware of following the purchase or use of the good or service.[28] The nature of the problems should also be such that they would generally

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[26] In the database, problems are categorised according to two levels: Each level 1 category, such as '1. Quality of goods and services' or '2. Delivery of goods/Provision of services' is subdivided into level 2 classification categories, such as '1.1. Defective, caused damage' and '1.2. Not in conformity with order'.

[27] For more detailed results of the cross-market assessment undertaken in the study on measuring consumer detriment in the European Union, please refer to Section 6 of the final report of that study.

[28] This also includes certain types of problems that generally occur at the pre-contractual stage, such as misleading advertising or unclear/complex tariffs, but for which the negative outcomes are actually only apparent to consumers post-purchase.

constitute a legitimate cause for complaint (as the screener questions require that respondents only report a problem for which they consider they had a legitimate cause for complaint).

Finally, the answer items in the questionnaire corresponding to <u>the problem types are best worded in a way that is generally familiar to respondents and reflects their consumer experience</u>. For instance, when referring to a consumer's right of withdrawal after purchasing a household appliance not being honoured by the seller, the corresponding answer item might be 'Could not return the appliance when I changed my mind after buying'. Examples in parenthesis also help to make the problem type familiar to respondents, e.g. for electricity services: 'Was charged for services I didn't purchase (e.g. extra options or bundled services)' or for loans, credit and credit cards: 'Unclear or complex pricing (e.g. different types of interest rate)'.

The final list for the market(s) should include <u>as few distinct problem types as possible</u> (to avoid overly complex questionnaires), which will then act as a basis for question M6 in the corresponding market module.[29] Furthermore, it is recommended to group the problem types under <u>broader categories</u> that are as consistent as possible with the level 1 problem categories of the complaints database.[30] This allows the respondent to more readily identify his/her problem in the list and, if using complaints data as a triangulation tool, facilitates the comparison of frequency of complaints with the frequency of the corresponding problem type in the consumer survey (see Step 3.4 below on the approach to triangulation for more details).

The table below outlines the related question and answer items depending on the type of market, including examples of answer items.

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[29] It is not necessary for the problem types to be mutually exclusive. Indeed, what survey respondents may consider to constitute a single problem they experienced may in fact relate to multiple problem types, e.g. late delivery combined with poor customer service.

[30] In the study, while the level 1 complaint categories of the harmonised database were used as a basis for the labelling of the groupings of problem types, the labels are not identical to the level 1 complaints categories.

Table 6: Question on the description of the problem experienced – M6[31]

Question	Goods	Subscription services	Other services
M6 - Problem description	Question: *Which of the items below describe the problem with the [good/service] or with the [seller/provider] you obtained it from? Mark all that apply.*	See column 'Goods'	See column 'Goods'
	Answer items: Answer items should be based on the market-specific list of problem types developed, grouped under broader categories e.g. 'Quality', 'Delivery', etc. The following is an example for the market for large household appliances:	The following is an example for the market for mobile telephone services:	The following is an example for the market for loans, credit and credit cards:
	Quality	***Quality and provision of service***	***Provision of loan/credit card***
	(1) Appliance faulty or broke down (without me causing the damage) *(2) Appliance or instructions of unsatisfactory quality or appliance not as described*	*(1) Mobile telephone connection of unsatisfactory quality (e.g. signal, coverage, etc.)* *(2) Phone provided with contract faulty or not as described*	*(1) Loan or credit card not at all provided or only partially provided (e.g. impossible to use credit card)*
	Guarantee/warranty *(3) Guarantee/warranty not honoured by seller*	*(3) Mobile telephone service provided late*	
	Customer service	***Customer service***	***Customer service***
	(4) Poor customer or after-sales service	*(4) Poor customer or after-sales service*	*(2) Poor customer service (e.g. unsatisfactory assistance)*
	Pricing	***Tariffs***	***Pricing***
	(5) Unclear or complex pricing	*(5) Unclear or complex tariffs*	*(3) Unclear or complex pricing (e.g. different types of interest rate)*
	Billing and payments	***Billing and payments***	***Payments***
	(6) Bill incorrect (e.g. I was overcharged)	*(6) Bill incorrect (e.g. I was overcharged, wrong tariff*	*(4) Payments charged incorrect (e.g. charges not*

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[31] Please note that questions M2 to M5 are presented in Table 92 below.

	applied or credit not reimbursed)	*applied correctly, or I was overcharged)*
	(7) Bill not received/not accessible	*(5) Problems with loan/credit repayment schedule*
(7) Disproportionate fees applied for late payment	*(8) Disproportionate fees (e.g. for late payment)*	*(6) Disproportionate fees applied for late payment*
Misleading or aggressive commercial practices	***Misleading or aggressive commercial practices***	***Misleading or aggressive commercial practices***
(8) Misleading or incorrect indication of price (e.g. hidden charges)	*(9) Misleading or incorrect indication of price (e.g. hidden charges)*	*(7) Misleading or incorrect indication of the costs of credit (e.g. hidden charges)*
(9) Advertising was misleading	*(10) Advertising was misleading*	*(8) Advertising was misleading (e.g. failure to provide the advertised benefits)*
(10) Received false advice when buying appliance	*(11) Received false advice when signing the contract*	*(9) Received false advice when signing the contract/applying for the loan*
(11) Was put under pressure when buying the appliance	*(12) Was put under pressure when signing up to the mobile telephone service or in case of late payment*	*(10) Was put under pressure when signing the contract, applying for or extending the loan (e.g. harassment or excessive advertising)*
	(13) Was provided (other) services I didn't request	*(11) Was provided other services I didn't request*
Contractual issues	***Contractual issues***	***Contractual issues***
(12) Missing or incomplete information in the contract (e.g. concerning right of withdrawal or identity of seller)	*(14) Missing or incomplete information in the contract (e.g. duration, conditions for termination, identity of the provider, etc.)*	*(12) Missing or incomplete information in the contract (e.g. duration, conditions for termination, identity of the credit provider, etc.)*
(13) Could not return the appliance when I changed my mind after buying	*(15) Could not cancel the contract within the cooling-off period*	*(13) Could not withdraw within the cooling-off period after signing the contract*
(14) Other problem	*(16) Problems terminating my contract or switching tariff*	*(14) Problems with termination of my contract or early repayment*
Damage or injury	*(17) Contractual terms unfair or changed by service provider without my consent (e.g. increase in price)*	*(15) Contractual terms not provided, unfair or changed by credit provider without my consent (e.g. unexplained refusal to continue credit provision)*
(15) Appliance caused damage to other possessions		
(16) Appliance caused injury	*(18) Contract was renewed without prior notice*	
Delivery	***Switching provider***	***Fraud***
(17) Appliance not delivered	*(19) Problems switching to another provider*	*(16) Fraudulent use of credit card*
(18) Appliance delivered late or only partially delivered	*(20) Other problem*	*(17) Other problem*

2.2.4. Establish dimensions of personal consumer detriment to measure and adapt relevant questions

While time loss and psychological detriment each depend on one question in the questionnaire (M10 and M11 respectively), financial detriment on the other hand requires multiple questions to be measured (M3, M7, M8, M9, M12 and M17).

Furthermore, to estimate post-redress financial detriment (i.e. financial detriment net of any redress that was received) two more questions are needed (M14 and M15). Each of these questions is essential for an estimation of financial detriment, while M9 and M14 also provide additional information on the context.[32] In total, the assessment of detriment therefore requires a minimum of ten survey questions (not including the screener with three questions). In the following we further describe each of the dimensions of detriment and the related adaptations for the questionnaire.

Pre-redress financial detriment

The methodology of the consumer detriment study was developed to collect data that allows both pre- and post-redress financial detriment to be calculated. While previous assessments of detriment focused on the measurement of financial detriment net of any redress that was received, the distinction between pre- and post-redress financial detriment allows for a better assessment of the level of redress obtained by consumers as well as the costs associated with seeking redress.

The pre-redress stage is considered to cover all financial losses resulting directly from the problem as well as the actions taken by the consumer to sort out the problem and their related costs, but excludes any actions taken by the trader to sort out the problem.

At the pre-redress stage, financial losses resulting directly from the problem might include:

- *Over-/extra charges or hidden fees (e.g. because of an incorrect bill);*
- *Potential reduction in value of the good or service because it cannot be used as intended (e.g. because it is faulty).[33]*

Moreover, costs of sorting out the problem might include:

- *Costs of repairing/replacing a good or buying an alternative service at the consumer's own expense;*
- *Costs related to court proceedings;*
- *Other costs such as costs of telephone, postage, or travel to sort out the problem.*

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[32] For details on the rationale for the questions involved in the measurement of financial detriment, see Section 4.9.4. of the final report of the study.

[33] For markets other than goods and subscription services markets, such as the market for loans, credit and credit cards, reduction in value or loss of service is not relevant. However this does not limit the comparability of results across markets, as the methodology developed covers all the main ways in which financial detriment occurs, regardless of the market.

The questions in the table below have been designed to gather information on these key types of costs and losses relating to pre-redress financial detriment (the approach to assessment based on the data collected in these questions is outlined in Step 3.2). The table also outlines examples of answer items (for questions M3, M7, M8, M9, M12 and M17).

Table 7: Questions related to the assessment of pre-redress financial detriment - M3, M7, M8, M9, M12 and M17

Question	Goods	Subscription services	Other services
M3 - Amount paid or reference amount for good or service	Question: *How much did you pay for this [good] (NOT including any over-/extra charges, if applicable)? If you are not sure, please give an estimate.*	*How much did/do you pay for this [service] (NOT including any over-/extra charges if applicable)? If you are not sure, please give an estimate.*	For services involving a one-time purchase (e.g. a train ticket), the same adaptation as for goods would apply. For specific services a reference type of amount may need to be specified (e.g. for credit cards: *'What is the spending limit on this credit card or store card?'*).
	Input field: *Please indicate the amount paid: …*	*Please indicate the amount paid on average <u>per month</u>:* For some subscription services, such as electricity services, other periods of reference could be offered to account for the full range of possibilities in the countries assessed (e.g. quarterly or yearly payments).	
	Tick box: *I didn't pay for this [good]*	*I didn't/don't pay for this [service]*	
M7 - Over-/extra charges or hidden fees*	Question: *How much did you pay in total in over-/extra charges or hidden fees (do not consider any reimbursement you may have received from the [seller/provider]) as a result of the problem? Mark 0 if you did not pay any over-/extra charges or hidden fees.***	See column 'Goods'	See column 'Goods'
	Input field: *Please indicate the amount paid: …*	See column 'Goods'	See column 'Goods'
M8 - Usability of the good or service*	Question: *To what extent could you use the [good] as intended after the problem occurred?*	*During the period the problem lasted, to what extent could you use the [service] as intended?*	For services involving a one-time purchase (e.g. a train ticket), the same adaptation as for goods would apply, potentially excluding the words *'after the problem occurred'*. For services for which usability is not a relevant characteristic (e.g. loans, credit cards), exclude this question.
	Answer items: *(1) Not at all* *(2) Partly, with major difficulty* *(3) Partly, with minor difficulty* *(4) Fully*	See column 'Goods'	
M9 - Actions taken by the consumer	Question: *Which of these, if any, have you done to sort out the problem? Mark all that apply*	See column 'Goods'	See column 'Goods'
	Answer items:		Generally, either the answer items for goods or

Question	Goods	Subscription services	Other services
	(1) Cancelled the purchase of the [good] within the cooling-off period (14 days from when I signed up online)	*(1) Cancelled the [service] within the cooling-off period (14 days from when I signed up online)*	subscription services would generally apply. In specific cases, you may need to further adapt or add answer items relevant to the nature of the market and the policy/legal framework, e.g. for train service *'Paid for alternative transport (e.g. bus, taxi, plane, boat)'; 'Asked the seller/provider to provide transport continuation or re-rerouting'* or for loans, credit and credit cards *'Cancelled the contract within the cooling-off period (14 days from when I signed up)'* (regardless of whether the respondent signed up online or otherwise).
	(2) Returned the [good]	*(2) Terminated the [service] contract*	
	(3) Repaired the [good] at my own expense. For goods for which repairs or returns are not relevant (e.g. fast moving consumers goods such as fruit and vegetables), the related answer items should be excluded	*(3) Signed up to an alternative [seller/provider]*	
	(4) Bought a replacement [good]	*(4) Generally not relevant for this type of market, however if the nature of the service is such that the consumer could potentially get it repaired at his/her own expense (e.g. electricity service), then include: 'Got the [service] repaired at my own expense'*	
	(5) Withheld payment for the [good/service]	See column 'Goods'	
	(6) Made a complaint to the [seller/provider]	See column 'Goods'	
	(7) Asked the [seller/provider] for repair, replacement or refund of the money I paid	*(7) Asked the [seller/provider] for replacement or refund of the money I paid*	
	(8) Asked the [seller/provider] for compensation for damages or losses	See column 'Goods'	
	(9) Made a complaint to a government body or consumer organisation	See column 'Goods'	
	(10)Took the [seller/provider] to an out-of-court dispute settlement /alternative dispute resolution body (ADR)	See column 'Goods'	
	(11) Took the [seller/provider] to court	See column 'Goods'	
	(12) Other action	See column 'Goods'	
	(13) Have not taken any action	See column 'Goods'	

Question	Goods	Subscription services	Other services
M12 - Money spent trying to sort out the problem	Question: *How much money have you spent trying to sort out the problem, without considering any reimbursement or compensation you may have received from the [seller/provider]? Please provide an estimate for the following possible cost items.*	See column 'Goods'	See column 'Goods'
	(1) Costs of repairs or replacement at your own expense. For goods for which repairs are not relevant (e.g. fast moving consumer goods such as food), this should be shortened to *'Costs of replacement at your own expense'*. [Input field]	*(1) Costs of replacement [service]*. If the nature of the service is such that the consumer could potentially get it repaired (e.g. electricity service), then apply the same adaptation as for goods.	(1) Depending on the market, either *'Costs of a replacement [service]'*, *'Costs of an alternative [service]'* or a mix of both would apply (e.g. for loans, credit cards *'Extra costs for an alternative banking service'* or for train services *'Costs of replacement ticket/alternative transport'*)
	(2) Costs of court proceedings. [Input field]***	*(2)* See column 'Goods'	*(2)* See column 'Goods'
	(3) Other extra costs relating to e.g. telephone, postage, travel costs to sort out the problem, expert advice, etc. [Input field]	*(3)* See column 'Goods'	*(3)* See column 'Goods'. In specific cases, additional market-specific cost item examples can be added (e.g. for train services, *'accommodation and meals'*).
M17 – Duration of the problem	Question: *How long did the problem last?*	See column 'Goods'	See column 'Goods'
	Answer items: *(1) Less than one day* *(2) One day to less than a week* *(3) One week to less than one month* *(4) One month to less than three months* *(5) Three months to less than six months* *(6) Six months to less than a year* *(7) A year or more*	See column 'Goods'	See column 'Goods'

Source: Civic Consulting. Notes: for detailed scripting instructions, please refer the consumer survey questionnaire of the consumer detriment study in Annex III. (*) While this question was only asked to respondents who selected relevant problem types in M6, it is recommended to pose this question to all respondents, as removing very specific filters makes the implementation of the survey and the analysis of results simpler, however making the questionnaire on average longer for respondents. (**) The wording here is a slight modification from the wording of the consumer survey questionnaire used in the consumer detriment study. (***) As only a small number of respondents reported 'Costs of court proceedings' in the consumer detriment study, it is recommended to subsume this item under 'Other extra costs e.g. telephone, postage, legal costs, …', if such costs are not specifically relevant to the market or study in question.

Redress and post-redress financial detriment

> **The post-redress stage considers all actions taken by the trader to solve the problem (i.e. any substantial redress provided by the trader to the consumer).**

The substantial redress may partly or wholly offset the financial detriment suffered by the consumer at the pre-redress stage. It may consist of:

- *Repairs, replacement goods or alternative services provided by the trader to the consumer; and/or*

- *Monetary redress, i.e. partial or full refund, credit note, voucher, or compensation provided by the trader to the consumer.*

The table below outlines the adaptations required for the questions and answer items collecting data on redress (M14 and M15) for the purposes of calculating post-redress financial detriment (i.e. financial detriment net of any redress received), including examples of answer items from the market modules developed in the consumer detriment study.

Table 8: Questions relating to redress/post-redress financial detriment – M14 and M15

Question	Goods	Subscription services	Other services
M14 – Actions taken by the trader	Question: *Which of these, if any, has the [seller/provider] done so far in response to the problem?*	See column 'Goods'	See column 'Goods'
	Answer items:		
	(1) Acknowledged problem	(1) See column 'Goods'	(1) See column 'Goods'
	(2) Investigating problem	(2) See column 'Goods'	(2) See column 'Goods'
	(3) Gave a satisfactory explanation	(3) See column 'Goods'	(3) See column 'Goods'
	(4) Gave an unsatisfactory explanation	(4) See column 'Goods'	(4) See column 'Goods'
	(5) Repaired or replaced [good]	*(5) Fixed/repaired [service]*	*(5) Provided alternative [service]*
	(6) Item not relevant for this type of market; see other columns	*(6) Provided a new tariff/contract*	*(6) Gave replacement [service]*
	(7) Gave a partial or full refund of the money I paid	(7) See column 'Goods'	(7) See column 'Goods'. Items relating to reimb./comp. may need to be more specific.
	(8) Gave credit note or voucher	(8) See column 'Goods'	(8) See column 'Goods'
	(9) Gave compensation for damages or losses	(9) See column 'Goods'	(9) See column 'Goods'
	*(10) Told me that my legal guarantee was no longer valid. (*If a legal guarantee applies to the good)	(10) Item not relevant for this type of market	(10) Item not relevant for this type of market
	(11) Other	(11) See column 'Goods'	(11) See column 'Goods'. If relevant, market-specific additional answer items can be included
	(12) Has done nothing	(12) See column 'Goods'	(12) See column 'Goods'
M15 – Amount received as reimbursement or compensation*	Question: *How much have you received as reimbursement (e.g. refund, credit note or voucher) or compensation for the problem from the [seller/provider]? If you are not sure, please give an estimate.*	See column 'Goods'	For services in which credit notes or vouchers are generally not relevant (e.g. loans, credit cards), a reference to these should be excluded.
	Input field: *Please indicate the amount*	See column 'Goods'	See column 'Goods'

Source: Civic Consulting. Notes: for detailed scripting instructions, please refer the consumer survey questionnaire of the consumer detriment study in Annex III. (*) While in the consumer detriment study this question was only asked to respondents who indicated they received reimbursement or compensation in M14, for future assessments our recommendation is to pose this question to all respondents, regardless of their responses to M14.

Time loss, psychological detriment

The following table outlines the adaptations required for the questions and answer items relating to the other dimensions of personal consumer detriment (M10, M11) including examples of answer items.

Table 9: Questions relating to time loss and psychological detriment – M10, M11

Question	Goods	Subscription services	Other services
M10 – Time loss	Question: *What is the total amount of time you have personally lost as a result of the problem, e.g. by being delayed, discussing the problem, contacting the [seller/provider], going to an alternative dispute resolution body or to court, repairing or replacing the [good] etc.?*	*What is the total amount of time you have personally lost as a result of the problem, e.g. by being delayed, discussing the problem, contacting the [seller/provider], going to an alternative dispute resolution body or to court, replacing the [service]/looking for an alternative etc.?*	Generally the same adaptation as for subscription services would apply. In specific cases, an additional market-specific example of time loss can be included, e.g. for train services *'complaining to the national authority in charge of enforcing passenger rights'.*
	Answer items: *(1) Less than 1 hour* *(2) 1 to 2 hours* *(3) 3 to 4 hours* *(4) 5 to 10 hours* *(5) 11 to 20 hours* *(6) More than 20 hours* *(7) No time lost*	See column 'Goods'	See column 'Goods'
M11 – Psychological detriment	Question: *To what extent have you felt emotionally stressed e.g. angered, frustrated or worried as a result of the problem?*	See column 'Goods'	See column 'Goods'
	Answer items: *(1) Not at all or only a little* *(2) Moderately* *(3) Quite a lot* *(4) Extremely*	See column 'Goods'	See column 'Goods'

Source: Civic Consulting. Notes: for detailed scripting instructions, please refer the consumer survey questionnaire of the consumer detriment study in Annex III.

2.2.5. Establish additional contextual information to assess and adapt relevant questions

Beyond the assessment of magnitude of personal consumer detriment, additional questions are included in the methodology to provide <u>further information on the context in which the detriment was experienced</u>. This relates to both information about the purchase, such as how long ago the good/service was purchased (M2), the sales channel used for the purchase (M4), the location of the trader (M5), as well as additional information about the problem and how the respondent dealt with it – such as reasons for not taking action (M9B, applicable for respondents who selected 'Have not taken action' in M9 – Actions taken by the consumer), or the status of the problem (M16). As these questions are not essential for the calculation of consumer detriment, they are optional and their inclusion in a survey is likely to depend on policy priorities and feasibility.

Contextual information relating to the purchase of the good or service

The table below outlines the adaptations required for question and answer items on contextual information relating to the purchase of the good or service: how long ago it was purchased (M2), the sales channel used for the purchase (M4), and the location of the trader (M5). It includes examples of answer items from the market modules developed in the consumer detriment study.

Table 10: Questions on contextual information on the purchase of the good or service– M2, M4, and M5

Question topic	Goods	Subscription services	Other services
M2 - Age of good/service	Question: *When did you buy this [good]?* If second-hand purchases are relevant for the market, add *'If you purchased the [good] second-hand, please indicate when it was first sold.'*	*When did you sign up to this [service]?*	Generally, either the question wording for goods or subscription services would apply.
	Answer items: *(1) Less than 6 months ago* *(2) 6 months to less than 12 months ago* *(3) 12 months to less than 24 months ago* *(4) 2 years to less than 5 years ago* *(5) 5 years ago or more*	See column 'Goods'	For services of one-time use that are generally used shortly after purchase (e.g. train services), the following answer items can be considered instead: *(1) Less than 1 month ago* *(2) 1 month to less than 3 months ago* *(3) 3 months to less than 6 months ago* *(4) 6 months to less than 12 months ago* *(5) 12 months to less than 24 months ago* *(6) 2 years ago or more*
M4 - Sales channel	Question: *How did you purchase this [good]?*	*How did you sign up to this [service]?*	Generally, either the question wording for goods or subscription services would apply.
	Answer items: *(1) In person, at a shop or other sales point* *(2) Over the Internet, directly from the [seller/provider]* *(3) Over the Internet, through an intermediary (e.g. comparison website)* *(4) By mail order, delivery or postal services* *(5) By telephone* *(6) From a salesperson visiting the home* *(7) At a market or auction* *(8) TV shopping channel* *(9) Other*	See column 'Goods' (7) Item not relevant (8) Item not relevant	The generic answer items would apply, if relevant with specific wording, e.g. for train services *'(1) In person, at a railway station, travel agency or other sales point'*. If greater precision is needed for offline sales channels, two answer items could be applied e.g. for loans, credit and credit cards: *'(1) In person, at a bank or other financial institution'* and *'In person, at a retailer'*. For insurance services for instance, one might distinguish between brokers and insurance agents.

Question topic	Goods	Subscription services	Other services
M5 - Location of the trader	Question: *Did you obtain this [good] from a [seller/provider] based in your country of residence, in another EU country, or outside the EU?*	*Did you sign up to this [service] from a [seller/provider] based in your country of residence, in another EU country, or outside the EU?* *If cross-border purchases of the subscription service remain relatively rare (e.g. electricity services), consider excluding this question.*	Generally, either the question wording for goods or subscription services would apply. In the specific case of transport services, different question wording may make more sense, e.g. for train services '*What type of train service did you have?*'
	Answer items: *(1) [Seller/provider] based in my country of residence* *(2) [Seller/provider] based in another EU country* *(3) [Seller/provider] based outside the EU*	See column 'Goods'	If the question wording is adapted as above, apply corresponding answer items instead. E.g. for the market for train services: *1) International* *(2) National* *(3) Regional* *(4) Urban or suburban*

Source: Civic Consulting. Note: for detailed scripting instructions, please refer to the consumer survey questionnaire of the consumer detriment study, Annex III.

Other contextual information relating to the problem

The table below outlines the adaptations required for question and answer items on other contextual information relating to the problem – such as reasons for not taking action (M9B, applicable for respondents who selected 'Have not taken action' in M9 – Actions taken by the consumer) or the status of the problem (M16).

As these questions are not essential for the calculation of consumer detriment, they are optional and their inclusion in a survey is likely to depend on policy priorities and feasibility.

Table 11: Questions on other contextual information relating to the problem –M9B and M16

Question topic	Goods	Subscription services	Other services
M9B - Reasons for not taking action*	Question: *For which of the reasons below have you not taken action? Mark all that apply.*	See column 'Goods'	See column 'Goods'
	Answer items: *(1) I was unlikely to get a satisfactory solution to the problem encountered* *(2) The sums involved were too small* *(3) I did not know how or where to complain* *(4) I was not sure of my rights as a passenger* *(5) I thought it would take too long* *(6) I tried to complain about other problems in the past but was not successful* *(7) I thought complaining would have led to a confrontation, and I do not feel at ease in such situations* *(8) The complaints procedure was too complicated* *(9) [Seller/provider] fixed the problem on its own initiative* *(10) I have not had the time yet* *(11) Other*	See column 'Goods'	See column 'Goods'
M16 – Status of the problem	Question: *To what extent has the problem been resolved?*	See column 'Goods'	See column 'Goods'
	Answer items: *(1) Fully resolved* *(2) Partly resolved* *(3) Not yet resolved but I was informed that the investigation was ongoing* *(4) Not yet resolved and I have not received any reply* *(5) Not resolved and I decided not to do anything about it*	See column 'Goods'	See column 'Goods'

Source: Civic Consulting. (*) This question is only asked of respondents who select 'Have not taken any action' in M9.Note: for detailed scripting instructions, please refer the consumer survey questionnaire of the consumer detriment study in Annex III.

2.3. Questions on socio-demographics and consumer expectations

Finally, the *socio-demographic questions* provide further details on the characteristics of the respondent, and can be complemented by a *control question* on consumer expectations.

The table below provides an overview of the questions applied in the consumer detriment study.

Table 12: Socio-demographic questions, including question on expectations

Q.	Question topic	Contextual information
D1	Gender	√
D2	Age	√
D3	Region	√
D4	Consumer expectations	√
D5	Locality	√
D6	Education level	√
D7	Occupation	√
D8	Financial situation	√
D9	Frequency of internet use	√

Source: Civic Consulting. Depending on the requirements of the study, questions can either be asked to the entire sample or to the sub-sample who experienced problem(s) in the assessed market(s).

Socio-demographic questions are used for setting quotas and describing the composition of the sample. These questions also provide additional context to the personal consumer detriment reported, for use in the analysis of the results, e.g. through cross-tabulations or advanced statistical analysis.[34] They could include questions on the gender (D1), age (D2), region (D3), locality (D5), education level (D6), occupation (D7) and financial situation (D8) of the consumer as well as a control question on consumer expectations (D4). This information is essential for determining which types of consumers suffer from detriment most, particularly as these variables cover several key drivers of consumer vulnerability (e.g. old age, low educational attainment, difficult financial situation). If conducting a face-to-face survey, an additional question on internet use (D9) could be considered. Socio-demographic questions are identical across markets.

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[34] For an example, please refer to the results presented in Section 6 of the report of the study on measuring consumer detriment in the European Union.

Table 13: Socio-demographic and control questions – D1, D2, D3, D4, D5, D6, D7, D8, D9

Question topic	Question	Answer items
D1 - Gender	No additional text required.	*(1) Male* *(2) Female*
D2 - Age	*How old are you?*	Input field: No additional text required.
D3 - Region	*In which region do you live?*	Answer items should be based on a country-specific list of regions. As a basis for the list of regions, it is recommended to use the country regions defined as per the NUTS (Nomenclature of Territorial Units for Statistics) at level 2 (i.e. NUTS 2) as a basis.
D4 – Consumer expectations *	*Please indicate to what extent you agree or disagree with each of the following statements.*	Respondents select either *'Totally agree', 'Tend to agree', 'Tend to disagree'* or *'Totally disagree'* for each item: *(1) Consumers should NOT always expect a high level of good or service quality, even if they pay a premium price* *(2) Consumers should NOT expect to be compensated if something goes wrong with a good or a service* *(3) Consumers should NOT expect to have access to customer service whenever they need it*
D5 - Locality	*Would you say you live in a rural area or village, small or middle sized town, or large town or city?*	*(1) Rural area or village* *(2) Small or middle-sized town* *(3) Large town or city*
D6 – Education level	*What is the highest level of education you have achieved?*	Answer items should be based on a country-specific list of education levels. As a basis for the list of education levels, it is recommended to use the country-specific national ISCED (International Standard Classification of Education) levels.
D7- Occupation	*What is your current occupation?*	*(1) Self-employed* *(2) Manager* *(3) Other white collar* *(4) Blue collar* *(5) Student* *(6) House-person and other not in employment* *(7) Seeking a job* *(8) Retired*
D8 – Financial situation	*Thinking about your household's financial situation would you say that making ends meet every month is…?*	*(1) Very difficult* *(2) Fairly difficult* *(3) Fairly easy* *(4) Very easy*

D9 – Frequency of internet use	Question: *How frequently do you use the internet?*	*(1) Every day or almost every day* *(2) Once a week* *(3) 2 or 3 times a month* *(4) Once a month* *(5) A couple of times a year or less often* *(6) Never*

Source: Civic Consulting. Note: for detailed scripting instructions, please refer to the consumer survey questionnaire of the consumer detriment study, Annex III. (*) Based on the results of D4, groupings that correspond to different levels of expectations can be created. Because these statements are worded in a negative form, respondents with average or high expectations regarding the items are expected to disagree with the statements, i.e. select either 'tend to disagree' or 'totally disagree'. On the contrary, agreement with the statements, i.e. selecting either 'tend to agree' or 'totally agree', indicates lower expectation regarding these aspects. Please refer to the results in section 6.8.10. of the consumer detriment study for an example.

The table below provides an overview of the questions and relevant answer items in the questionnaire used in the consumer detriment study that relate to specific factors associated with drivers of vulnerability. As indicated, these are a mix of socio-demographic questions and market module questions on contextual information relating to the problem.

Table 14: Factors/drivers of consumer vulnerability and related questions

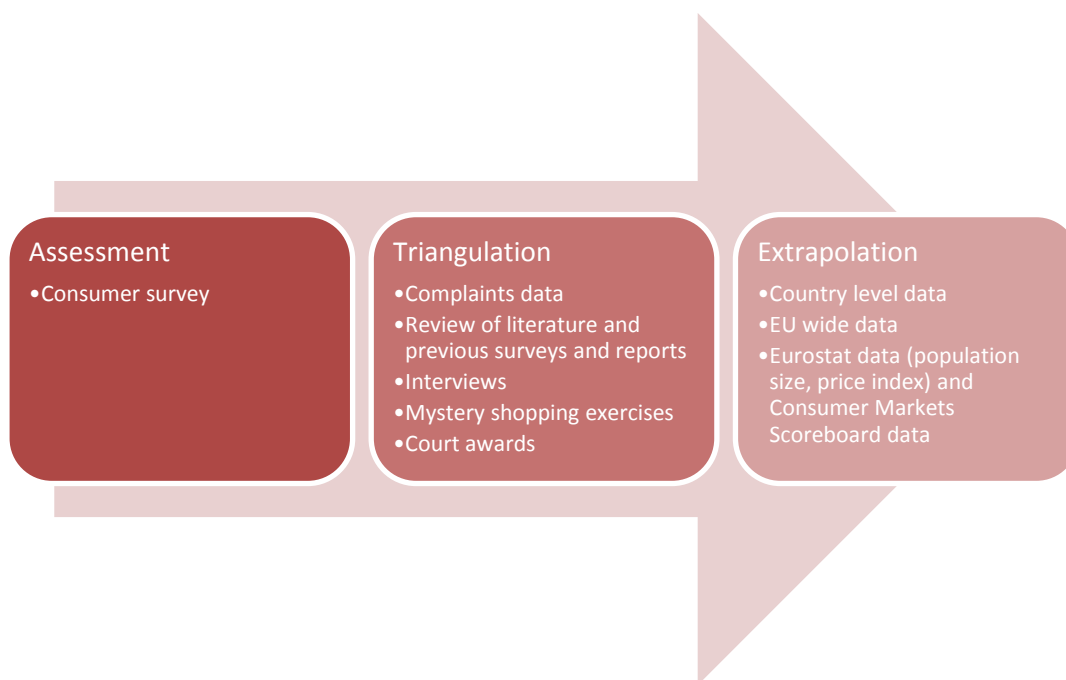| Factor/driver of vulnerability	Survey question	Answer item that could indicate consumer vulnerability
Age	*D2- How old are you?*	*Highest age category*
Education	*D5 - What is the highest level of education you have achieved?*	*Primary education* *Lower secondary education* *Upper secondary education*
Occupational status	*D6 - What is your current occupation?*	*Seeking a job* *Retired*
Financial situation of the household	*D8 - Thinking about your household's financial situation would you say that making ends meet every month is…?*	*Very difficult* *Fairly difficult*
Willingness to take risks	*M9 - Which of these, if any, have you done to sort out the problem? Mark all that apply.*	*Have not taken any action*
	M9bis - For which of the reasons below have you not taken action? Mark all that apply.	*I did not know how or where to complain* *I was not sure of my rights as a consumer* *I tried to complain about other problems in the past but was not successful* *I thought complaining would have led to a confrontation, and I do not feel at ease in such situations*
Frequency of internet use	*D9 – How frequently do you use the internet?*	*Once a month* *A couple of times a year or less often* *Never*

Source: Civic Consulting.

Step 3 - Assessment of detriment, triangulation and extrapolation

After the implementation of the consumer survey and the collection of complementary data (e.g. regarding consumer complaints), the subsequent steps for measuring personal consumer detriment are as follows:

- *Assessment of incidence and magnitude* of personal consumer detriment in the market(s) and country(ies) subject to analysis, based on the results of the consumer survey conducted in these country(ies);

- *Triangulation of results* in these market(s) and country(ies), for example based on complaints data; and

- *Extrapolation of the results to EU level* (and Norway and Iceland, where applicable), based on relevant Eurostat data and data from the MMS.

The following diagram provides an overview of this process as well as the data collection tools/data sources involved in each step.

Figure 3: Approach for assessment, triangulation and extrapolation of personal consumer detriment

Assessment
- Consumer survey

Triangulation
- Complaints data
- Review of literature and previous surveys and reports
- Interviews
- Mystery shopping exercises
- Court awards

Extrapolation
- Country level data
- EU wide data
- Eurostat data (population size, price index) and Consumer Markets Scoreboard data

Source: Civic Consulting. Triangulation and extrapolation steps are optional and depend on scope and objectives of the assessment.

The implementation of each of these steps is described based on the approach used in the consumer detriment study; further details are provided in Sections 4 and 5 of the main report of the consumer detriment study.

3.1. Measure the incidence of detriment

As indicated before, the incidence of personal consumer detriment refers to the number of respondents to the consumer survey who report having experienced a problem for which they had a legitimate cause for complaint in a given time period, as a percentage of the total sample surveyed. *Incidence* of personal consumer detriment

in the markets subject to assessment is calculated on the basis of the screener questions.[35]

> *__The incidence of problems experienced by consumers in a given market__ is calculated as the combined total of the number of respondents who 'ticked' that market in questions S2A or in S2B, as a percentage of the total survey sample.*

3.2. Measure the magnitude of detriment

3.2.1. Financial detriment calculation

The different elements of consumer detriment necessary for the calculation of pre-redress financial detriment, substantial redress and post-redress financial detriment are either based on monetary data directly reported by respondents or calculated based on answers provided by respondents across multiple questions. The following provides an overview of the approach.[36]

The calculation of **pre-redress financial detriment** involves the following elements, which are calculated separately for each respondent:

1) *Reduction in value or loss of service relating to loss in usability of a good or service,* as a result of the problem. This can be calculated by using the answers to M8 to first assign an index value between 0 and 1 to usability of the good or service. The reduction in value relating to the loss in usability is then equal to the price reported in M3 multiplied by the index value for the loss in usability. In the case of a subscription service, this figure should then multiplied by the duration of the problem (reported in M17), to account for the duration of the loss of the subscription service.

2) *Over-/extra charges or hidden fees* incurred by the consumer as a result of the problem can be directly used as specified by the respondent in M7.

3) *Costs incurred by the consumer trying to sort out the problem* can be calculated as the sum of the a) costs of repairs or replacement/alternative goods/services,[37] b) costs relating to court proceedings (if such costs are presented as a separate item in the questionnaire) and c) other costs (as specified by the respondent in M12).

> *__Pre-redress financial detriment__ is calculated by summing elements 1, 2 and 3.*

Subsequently, **substantial redress** involves the following elements, again calculated separately for each respondent:

4) *Monetary redress* received by the consumer from the trader (as specified by the respondent in M15).

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[35] As indicated before (see footnote 98), the methodology is based on a consumer survey targeting the overall population without pre-screening. For pre-screened samples, e.g. in the context of single market assessments, the calculation of incidence has to be adapted accordingly.

[36] This approach was employed in the consumer detriment study. More details on the approach applied in this study are provided in Section 4.9. of the final report.

[37] In case the respondent repaired or replaced the good at his or her own expense, the reduction of value is not considered in the calculation, as the related repair or replacement costs constitute the detriment incurred, to avoid double counting.

5) *Value of any repairs or replacement by the trader.* In the case a good is repaired or replaced by the trader (as specified by the respondent in M14), then the consumer can be considered to be reimbursed for any reduction in value suffered (i.e. the amount of reduction in value calculated in element 1 can be considered to be the value of the repairs/replacement);

Substantial redress is calculated by summing elements 4 and 5. Finally, post-redress financial detriment is equal to pre-redress financial detriment (1+2+3) minus substantial redress (4+5).

An overview of the data sources from the consumer survey for the step-by-step assessment of financial detriment is presented in the table below.

Table 15: Consumer survey questions used to calculate the different elements of financial detriment

Q.	Question topic	Relevance for the six markets assessed in the consumer detriment study	1 Reduction in value of good	Loss of service[1]	2 Over-/extra charges	3 Costs of sorting out the problem	1+2+3 Pre-redress financial detriment	4 Monetary redress	5 Value of repairs/ replacement	4+5 Substantial redress	1+2+3 -(4+5) Post-redress financial detriment
M3	Amount paid or reference amount for good/service	All six markets except loans, credit and credit cards	√	√			√				√
M7	Over-/extra charges or hidden fees	All six markets			√		√				√
M8	Usability of the good or service	All six markets except loans, credit and credit cards	√	√			√				√
M9	Actions taken by the consumer	All six markets	√				√				√
M12	Money spent trying to sort out the problem	All six markets				√	√				√
M14	Actions taken by the trader	All six markets							√	√	√
M15	Amount received as reimbursement/ compensation	All six markets						√		√	√
M17	Duration of the problem	Subscription services [1]		√			√				√

Source: Civic Consulting. √=indicates that the question contributes to the respective element mentioned in the table column headings. 1) Note: Subscription services are defined as services provided to the consumer on a continuous basis in exchange for a regular payment (e.g. mobile telephone service, electricity, internet, etc.). 'Loss of service' relates specifically to the loss of a subscription service.

Three examples of the calculation of financial detriment are provided below for illustration purposes, using cases from the consumer detriment study.[38]

Goods market

In the market for clothing, footwear and bags, one respondent experienced a problem with women's footwear that had <u>cost EUR 40</u>. The problem was described as 'item delivered late', which did not involve over-/extra charges or hidden fees. The respondent indicated that the item could be used 'partly, with minor difficulty'. The respondent made a complaint to the seller, and did not incur costs to sort out the problem. The trader did nothing as a response.

The calculation of <u>pre-redress financial detriment</u> involves the following elements:

- Reduction in value relating to loss in usability of the good (using the price and the value assigned for usability[39]) = 40 * 0.33 = EUR 13.2;

- Over-/extra charges or hidden fees = EUR 0;

- Costs incurred by the consumer trying to sort out the problem:

  – Costs of repairs or replacement good = EUR 0;

  – Costs relating to court proceedings = EUR 0;

  – Other costs = EUR 0.

Pre-redress financial detriment is the sum of the elements above = EUR 13.2.

Subsequently, <u>substantial redress</u> is EUR 0 in this case as the respondent indicated that the trader did nothing.

Finally, <u>post-redress financial detriment</u> is equal to pre-redress financial detriment minus substantial redress = 13.2 − 0 = EUR 13.2.

Subscription services market

In the market for mobile telephone services, one respondent experienced a problem with a mobile telephone subscription including mobile Internet that <u>cost EUR 25 per month</u>. The problem was described as 'poor customer service of after sale service', 'unclear or complex tariffs', 'misleading or incorrect indication of price', and 'was provided (other) services I did not request'. The respondent indicated that s/he paid EUR 10 in over-/extra charges or hidden fees and that the service could be used 'partly with major difficulty'. The respondent made a complaint to the provider and terminated the mobile telephone service contract. The respondent did not incur costs to sort out the problem. The provider acknowledged the problem, gave an unsatisfactory explanation and gave a partial refund of EUR 5. The problem lasted one month to less than three months (i.e. a midpoint of two months).

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[38] The methodology developed to calculate financial detriment applies to each problem, irrespective of whether the respondent indicates that the problem is his/her most serious problem, second most serious problem, or nth most serious problem.

[39] In the consumer detriment study, as detailed in Section 4.9.4. of the main report, an index value between 0 and 1 was assigned to usability of the good or service using answers to question M8 based on the following scale: 'Not at all': 1; 'Partly, with major difficulty': 0.67; 'Partly, with minor difficulty': 0.33; and 'Fully': 0.

The calculation of <u>pre-redress financial detriment</u> involves the following elements:

- Loss of service relating to loss in usability of the service (using the monthly price, the value assigned for usability[40] and the duration of the problem) = 25 * 0.67 * 2 = EUR 33.5;

- Over-/extra charges or hidden fees = EUR 10;

- Costs incurred by the consumer trying to sort out the problem:

  – Costs of replacement services = EUR 0;

  – Costs relating to court proceedings = EUR 0;

  – Other costs = EUR 0.

Pre-redress financial detriment is the sum of the elements above = 33.5 + 10 = EUR 43.5.

Subsequently, <u>substantial redress</u> involves the following element:

- Monetary redress received by the consumer from the provider = EUR 5.

Finally, <u>post-redress financial detriment</u> is equal to pre-redress financial detriment minus substantial redress = 43.5 – 5 = EUR 38.5.

Other services market

In the market for loans, credit and credit cards, one respondent experienced a problem with a credit card. The problem was described as 'poor customer service of after sale service', 'unclear or complex tariffs', 'payments charged incorrect' and 'fraudulent use of credit card'. The respondent indicated that s/he paid EUR 500 in over-/extra charges or hidden fees. The respondent spent EUR 10 for an alternative banking service and EUR 10 on other costs to sort out the problem (e.g. telephone, postage, travel costs to sort out the problem, expert advice). The respondent made a complaint to the credit provider and asked for a refund of the money paid. The respondent did not incur other costs to sort out the problem. The credit provider acknowledged the problem, is investigating the problem and gave a refund of the wrongly charged amount.

The calculation of <u>pre-redress financial detriment</u> involves the following elements:

- Over-/extra charges or hidden fees = EUR 500;

- Costs incurred by the consumer trying to sort out the problem:

  – Costs for an alternative service = EUR 10;

  – Costs relating to court proceedings = EUR 0;

  – Other costs = EUR 10.

Pre-redress financial detriment is the sum of the elements above = 500 + 10 + 10 = EUR 520.

Subsequently, <u>substantial redress</u> involves the following element:

- Monetary redress received by the consumer from the provider = EUR 500.

Finally, <u>post-redress financial detriment</u> is equal to pre-redress financial detriment minus substantial redress = 520 – 500 = EUR 20.

[40] See footnote 39.

3.2.2. Time loss[41]

Assessing the detriment from time loss for a given market means calculating the average level of time loss per problem. However, as the data collected is in an ordinal format, it is necessary to translate each response into a quantitative approximation. This is done by assigning the value of the mid-point of the ranges to each answer item. For example, '3 to 4 hours' corresponds to 3.5 hours, '11 to 20 hours' corresponds to 15.5 hours. In the consumer detriment study, a value of 20 hours was assigned to the category 'More than 20 hours', to safeguard a conservative estimate.

Furthermore, as part of the assessment of detriment relating to time loss, the option of monetising the hourly time loss i.e. placing a monetary value on the value of an hour lost due to a problem, can be considered in order to put detriment resulting from time loss into perspective with financial detriment. While monetising time loss allows for putting detriment resulting from time loss into perspective with financial detriment, it may impair the cross-country comparability of time loss as differences in average earnings between countries would entail potentially substantial differences in the value of time loss between countries. In the consumer detriment study, country-specific values of mean hourly earnings were applied based on Eurostat data[42] and total time loss for each market assessed at EU level was monetised as part of the extrapolation (see step 3.5 below).

3.2.3. Psychological detriment[43]

Psychological detriment can also be a major factor contributing to the detriment felt by consumers. Due to the inherent complexity in assigning a monetary value to different levels of emotional stress, psychological detriment should not be monetised. As an alternative, the magnitude of psychological detriment for a given market can be indicated by the percentage of respondents who felt either 'quite a lot' or 'extremely' emotionally stressed as a result of the problem they experienced (as was done in the consumer detriment study).

3.2.4. Other forms of detriment

In addition, adverse health effects (e.g. injuries) could be considered in the context of markets for which these dimensions would be specifically relevant.[44]

Social detriment, which is another form of non-financial detriment that may result from outcomes related to purchases or transactions that did not meet consumers' expectations, such as a lack of trust in others that may result from fraudulent practices, could also be considered. In the context of the consumer detriment study, social detriment was considered at the first expert workshop; however, it was excluded due to concerns about the numbers of questions that would be needed to

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[41] For a more detailed description of the approach to data collection on time loss and to assessing detriment related to time loss, please refer to Section 4.9.5. of the consumer detriment study.

[42] Eurostat data series earn_ses_hourly

[43] For a more detailed description of the approach to data collection on psychological detriment and to assessing psychological detriment, please refer to Section 4.9.6. of the final report of the study on measuring consumer detriment in the European Union.

[44] E.g. food markets. Examples of relevant questions for assessing adverse health effects are provided in Europe Economics, *An Analysis of the Issue of Consumer Detriment and the Most Appropriate Methodologies to Estimate It*, London, 2007 and Ipsos MRBI / Competition and Consumer Protection Commission, *Consumer Detriment Survey 2014*, 2014 respectively.

obtain data of high quality on this dimension of detriment and about the difficulty of phrasing such questions.

3.3. Context to the detriment measured

Answers to contextual questions provide further information on the context in which the detriment was experienced, which allows for a more refined analysis of results. The data on contextual information can be used either as standalone information, e.g. to show the breakdown of different problem types, or as a cross-tabulation with the questions on magnitude of detriment, e.g. to show the average time loss for problems experienced by consumers who purchased the product online. Answers to questions related to factors associated with/drivers of vulnerability (e.g. those outlined in Step 2.3), also allow for indications as to differences in the incidence, nature and magnitude of detriment experienced by specific vulnerable consumer groups to be analysed, if sample sizes are sufficient.[45] Additional tailored contextual questions could be added to allow for more specific and/or granular analysis. For instance, research on purchases made cross-border could include question(s) on the number of purchases made cross-border in order to calculate the proportion of cross-purchases that led to a problem out of all cross-border purchases.

3.4. Triangulate results of consumer survey with other data sources, if relevant

Additional data collection tools/sources to consider for the purposes of triangulating the results of consumer survey include data on consumer complaints and/or a complementary mystery shopping exercise. As indicated above, consumer complaints data allow for comprehensive triangulation of incidence data across the full range of problem types reported in the consumer survey. In contrast, a mystery shopping exercise would focus on specific phases of the commercial transaction, e.g. on the pre-contractual phase in a website review or on the conclusion of the contract in mystery shopping exercises that include the actual purchase of goods/services either in shops or online. In the context of the consumer detriment study, a mystery shopping exercise based on the review of traders' websites focused on the identification of issues related to selected unfair commercial practices and to the provision of pre-contractual information that potentially could cause consumer detriment. This approach should primarily be considered for markets in which consumer problems related to advertising and provision of pre-contractual information are a major concern.

When employing one or both of these tools, the aim of the triangulation is to <u>check the consistency of results of the consumer survey with the data provided by the other tools</u>. For example, using complaints data, the recommended approach is to compare the frequency of problems reported by respondents in the consumer survey with the frequency of consumer complaints of the same type registered in the European Commission harmonised complaints database. Such a comparison can be facilitated by designing the categorisation of problem types in the consumer survey questionnaire to reflect the structure of the complaints categories in the complaints database, in particular by making the broader problem categories in M6 identical to the level 1 complaint categories of the European Commission harmonised complaints database.[46] Data can either refer to a percentage of consumers reporting a specific problem type, a percentage of complaints relating to a problem category, or a percentage of

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[45] Examples of the use of the data collected on contextual information are provided in Section 6.8. of the consumer detriment study. Contextual questions may need to be adapted or complemented depending on the scope and specificities of the assessment.

[46] Further details on the approach to triangulation employed in the study on measuring detriment in the European Union and related results are provided in Sections 5 and 7 of the consumer detriment study.

websites on which potentially problematic practices could be observed. For comparison, the data from the various tools are converted to a common frequency scale.

The various data sources are then compared and conclusions drawn in terms of consistency across the data sources.

For this comparison, the following decision rule can be applied: if the qualitative frequency assessments for a given problem type/complaint type/mystery shopping issue of both of the data sources under consideration match (e.g. both the problem type in the consumer survey and the complaint type in the complaints data are considered to occur 'frequently'), or do not differ by more than one category (e.g. 'frequently' for one data source and 'occasionally' for the other), the sources can be considered to be 'consistent'. Otherwise, they are considered to be 'not consistent'.

Other sources of information, such as literature and previous surveys and reports, can also be used to put results into perspective. These may include market-specific data on the penetration rate or the frequency of use of goods and services, e.g. the number of passenger-kilometres per inhabitant in rail passenger transport for train services.

3.5. Extrapolate results to country or for the entire EU, if relevant

Having calculated the incidence of problems and the average financial detriment and time loss per problem in the sample for the market(s) subject to analysis, depending on the scope of the study, the financial detriment at country level and/or for the entire EU can be estimated.

3.5.1. Country level

To obtain an estimate of financial detriment at the country level, it is first necessary to multiply the average financial detriment per problem by the incidence of problems in each market in order to arrive at the average financial detriment *per capita for the population* in that market. Second, the average financial detriment per capita is multiplied by the size of the population in order to arrive at an estimate of *total* financial detriment for the country. The same approach applies to time loss.

3.5.2. EU level

Where appropriate, results obtained for sample countries can be used to extrapolate results for the rest of the EU, in order to arrive at an overall level of financial detriment and time loss. In this case, both incidence as well as magnitude of financial detriment and time loss have to be estimated in the rest of the EU, based on available data (such as the MMS and Eurostat data). The following main steps could be considered:

- Estimate the incidence of detriment in the rest of the EU;
- Estimate the average magnitude of financial detriment per problem for the rest of the EU;
- Estimate the average time loss per problem for the rest of the EU;
- Calculate the total financial detriment and total time loss of the rest of the EU;
- Calculate the total financial detriment and time loss for the EU.

The approach used in the consumer detriment study, in which the results obtained for the sample countries were used to extrapolate results for the rest of the EU, is described below.

Incidence of detriment

To extrapolate the incidence of detriment measured for the sample countries to the rest of the EU, a weighting factor using data from the European Commission Market Monitoring Survey (MMS) of 2015 was applied. The European Commission's Market Monitoring Survey/Consumer Markets Scoreboard collects data on the *rate of problems* and the *market penetration rate*. Multiplying these two variables provides an estimate of the incidence rate of problems for the market. While this is only an indirect method of calculating incidence, and the MMS uses a different survey methodology, this allows for obtaining a market-specific incidence rate of problems for each country in the EU. A population-weighted average of the sample countries' MMS incidence rates is then calculated, as well as of the rest of the EU. This is depicted in the equation below, which applies to both groups of countries, i.e. the sample countries and the rest of the EU:

$$IncMMS_{countries,m} = \frac{1}{Pop_{countries}} \sum_{countries} Problem\ rate_{c,m} \times Market\ penetration\ rate_{c,m} \times Pop_c$$

Finally, the weighting factor is calculated as the ratio of the population-weighted average of the sample countries' MMS incidence rates and of the rest of the EU for each market. The ratio of the MMS incidence rates for the sample countries and the rest of the EU is applied to the incidence rates calculated in the consumer detriment study in both modes for the total of the sample countries. This is depicted in the equation below:

$$Incidence_{rest,m} = Incidence_{sample,m} \times \frac{IncMMS_{\ rest,m}}{IncMMS_{\ sample,m}}$$

Magnitude of financial detriment

To extrapolate the average magnitude of financial detriment per problem calculated for the sample countries to the rest of the EU, a weighting factor was applied. This weighting factor is calculated on the basis of market-specific Eurostat price index data,[47] as financial detriment is highly correlated with the price of a good or service respondents experienced a problem with (see Section 6.3.4. of the consumer detriment study on the correlation analysis). For this purpose, first the ratio of the population-weighted average price index of the sample countries and the population-weighted average price index of the rest of the EU is calculated for each of the six markets. This ratio (or weighting factor) is then multiplied with the average magnitude of detriment in the sample countries to estimate the magnitude of average financial detriment per problem in the rest of the EU.

This is depicted in the equation below:

$$Average\ FD\ per\ problem_{rest,m} = Average\ FD\ per\ problem_{sample,m} \times \frac{Price\ index_{rest,m}/Pop_{rest}}{Price\ index_{sample,m}/Pop_{sample}}$$

Magnitude of time loss

In contrast, for magnitude of time loss, cross-country differences in time spent dealing with a problem are not highly correlated with differences in the price paid for the good or service respondents experienced a problem with. Indeed, as shown in the results for time loss, average time loss for a given market is relatively similar across

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[47] Eurostat data series prc_ppp_ind, 2014. The full Eurostat price index data is in Annex II.

countries. Moreover, considering that the sample countries and the rest of the EU both constitute relatively diverse groups of countries, average time loss per problem in the sample countries is used as a proxy for the average time loss per problem in the rest of the EU.

This is depicted in the equation below:

$$Average\ TL\ per\ problem_{rest,m} = Average\ TL\ per\ problem_{sample,m}$$

Total financial detriment and total time loss

Total financial detriment and total time loss of the rest of the EU are then calculated in the same way as for a sample country, i.e. by multiplying the average financial detriment/time loss per problem by the incidence rate and by the population of age 18 and above.

This is depicted in the equations below:

$$Total\ FD_{rest,m} = Average\ FD\ per\ problem_{rest,m} \times Incidence\ _{rest,m} \times Pop\ _{rest}$$

$$Total\ TL_{rest,m} = Average\ TL\ per\ problem_{rest,m} \times Incidence\ _{rest,m} \times Pop_{rest}$$

Total financial detriment and time loss for the EU28 is then calculated by summing the values calculated for the sample countries and the rest of the EU.

This is depicted in the equations below:

$$Total\ FD\ _{All,m} = Total\ FD_{rest\ EU,m} + Total\ FD_{sample,m}$$

$$Total\ TL\ _{All,m} = Total\ TL_{rest\ EU,m} + Total\ TL_{sample,m}$$

Finally, in order to put detriment resulting from time loss into perspective with financial detriment, time loss at the EU level is monetised using a population-weighted mean hourly earnings rate for the EU in Euro, derived from Eurostat data on country-specific mean hourly earnings.[48]

This is depicted in the equation below:

$$Monetised\ total\ TL\ _{All,m} = Total\ TL\ _{All,m} \times \frac{1}{Pop_{All}} \sum_{All} Mean\ hourly\ earnings_{c,m} \times Pop_c$$

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[48] See Section 4.9.10. of the consumer detriment study. In the consumer detriment study, hourly earning rates calculated in actual Euro were used, for simplicity and as the results obtained with the two kinds of rates were similar. Purchasing power parities (PPPs) take into account price level differences across countries. They indicate how many currency units a particular quantity of goods and services costs in different countries. PPPs can be used as currency conversion rates to convert expenditures expressed in national currencies into an artificial common currency defined by Eurostat, the Purchasing Power Standard or PPS, thus eliminating the effect of price level differences across countries.

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