

Comparing products in the Digital Single Market: evidence on problems and directions for solutions



Comparison tools can play a positive role in encouraging consumers to go online as they can help identify better deals irrespective of borders. A recent study has confirmed that in order to build the trust of consumers on these tools (websites, apps, platforms) we need to make sure that a number of criteria are respected. The Commission's action aims at ensuring the proper enforcement of relevant legislation, such as the Unfair Commercial Practices Directive and the Consumer Rights Directive, and at improving transparency.



Key findings from our 2014 study on comparison tools show that:

Many consumers use the big variety of comparison tools existing in the European Union and are influenced by these websites and apps in their decision-making process:

- More than 1042 comparison tools have been mapped in the European Union (910 websites and 132 applications). 84% of them are privately run and only a few are operated by consumer organisations and national regulators.
- 96% of comparison tools for hotels compare offers from abroad but the average for the various sectors looked at is lower, at 37%.
- 74% of EU consumers have used a comparison tool and 40% are using them at least once a month.
- For 79% of consumers using comparison tools, the price comparison aspect is the most important.

- When selecting a comparison website, consumers are influenced by the position of the link on a search engines' results page. The presence of user reviews and guest ratings also influences consumers at this stage:

Suppose you decide to use a comparison website. You enter the words "compare electricity deals" into an internet search engine and get the search results shown below. Which of the following links would you click on as your first and second choice? Please select 2 answers

Ads related to compare electricity deals

Electricity Comparison - Switch & Beat The Price Rises Now
www.switch_provider.com/Electricity-Comparison
Save Money On Energy Bills.

Choose Energy for Cheaper Energy - Beat The Energy Price Rise
www.choose_energy.com/justfoward
★★★★★ 500 reviews
Possible Energy Bill Savings!

Electric Price Comparison - Low electricity quotes
www.nationalgas-business-electricity.com
Low electricity quotes, call or go online to save!

Who is the cheapest gas and electricity supplier?
www.view_electricity_providers.com > Gas & electricity > Guides
Finding the cheapest gas and electricity supplier is all about finding the cheapest energy supplier for you.

Compare Energy Prices | Cheapest Gas and Electricity
www.change_provider.com/gas-electricity/
Compare gas & electricity plans across the whole market to get the cheapest energy deal for you. Switching is quick & easy, and you could save money.
Cheapest gas and electricity - Find a cheap energy supplier - Compare gas prices

Gas and Electricity - Compare Energy Prices Online
www.unsure.com/gas-electricity
★★★★★ 100 reviews
No one wants to spend more money than necessary on electricity. Luckily, our utility comparison engine makes it easy to find cheap gas ...

Compare Energy Prices | Cheap Gas & Electricity ...
www.moneyshop.com/gas-and-electricity
Save money on your energy bills with MoneyShop.com. Compare gas & electricity prices from multiple suppliers & switch to a cheaper tariff today.
Find my supplier - Switching Energy Suppliers - Compare Electricity Prices

Energy - Compare Gas and Electricity Suppliers | Compare ...
https://www.compare_providers.com/energy/
Compare gas and electricity prices from leading energy suppliers and

The higher positioned a link on a search page the more likely it is to be selected

Adverts tended to be selected less frequently than natural links

Links that carried a review were chosen more than twice as frequently as those with no review

- 35% of comparison tools users answer that the use of a comparison tools result in a purchase. Comparison tools users are also influenced by the way products are ranked on the comparison tool:

The position of a deal on a comparison tool page has a significant effect on the likelihood that the deal is chosen: the higher up the page a deal is the more likely it was chosen.

The way in which deals are ranked on a comparison tool page has an effect on consumer choice of a product

| | Annual cost | Customer service | Rate type | Contract duration | Sustainable energy |
|--------------------|--------------|------------------|-----------|-------------------|--------------------|
| Electricity deal 1 | £301.89/year | ★★★★★ | Fixed | 2 years | ✓ |
| Electricity deal 2 | £319.14/year | ★★★★☆ | Variable | 1 year | ✓ |
| Electricity deal 3 | £336.39/year | ★★★★★ | Fixed | 2 years | ✓ |
| Electricity deal 4 | £353.64/year | ★★★★☆ | Variable | 1 year | ✗ |
| Electricity deal 5 | £370.89/year | ★★★★☆ | Fixed | 2 years | ✗ |
| Electricity deal 6 | £388.14/year | ★★★☆☆ | Variable | 1 year | ✓ |
| Electricity deal 7 | £405.39/year | ★★★★☆ | Variable | 1 year | ✗ |
| Electricity deal 8 | £422.64/year | ★★★☆☆ | Fixed | 2 years | ✗ |

What are the problems identified in the study?

- Less than half of the comparison tools mapped disclosed details on their relationship with suppliers or described their business model.
- Only 11% of the comparison tools were giving an indication of their market coverage and 18% were indicating the frequency at which they are updating data.
- Only 28% were providing explanations on how the initial ranking was made.
- 65% of consumers surveyed had experienced a problem when using a comparison tool mostly due to inaccurate information being provided.
- 11% of the comparison tools did not provide any contact details.
- Only 34% of the comparison tools provided information on how to file a complaint. Out of those, only 34% contained a link to an alternative-dispute resolution (ADR) body or provided contact details on how to contact the ADR body.



What do we propose comparison operators to commit to?

- be transparent about their business model and clearly identify advertising on their websites or apps;
- provide indication on their market coverage as well as how they source data and update it;
- be impartial in how they perform comparisons;
- clearly inform consumers which criteria are used for the rankings;
- ensure the information they display is exact and up-to-date and that they publish the full and final purchase price;
- provide their contact details as required by legislation;
- have a complaint handling policy in place and provide information on available redress mechanisms;

Related material:

- Comparison tool study: http://ec.europa.eu/consumers/consumer_evidence/market_studies/comparison_tools/index_en.htm
- Report from the Multi-Stakeholder Dialogue on Comparison Tools: http://ec.europa.eu/consumers/documents/consumer-summit-2013-msdct-report_en.pdf
- Directive 2005/29/EC on unfair commercial practices: http://ec.europa.eu/justice/consumer-marketing/unfair-trade/unfair-practices/index_en.htm
- Directive 2011/83/EC on consumer rights: http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm