When the OECD adopted its first E-commerce Recommendation in 1999, online spending on so-called e-commerce was well-below 1% of total retail spending. Fifteen years later, the figures have jumped to almost 8% in the EU and more than 11% in the United States. This is no longer some future trend: e-commerce is here and is critical for the economy, in which household consumption accounts for about 60% of total GDP in the OECD area.

Consumer shopping online is becoming as routine as driving to the local supermarket. In fact, across the OECD, half of all consumers made an online
purchase in 2014. Could that portion rise? After all, 75% of those consumers access the Internet on a daily basis, suggesting considerable untapped potential. This is particularly the case for cross-border e-commerce. In the EU, for example, only 15% of consumers shop online from another Member State, which is about one-third the rate for domestic e-commerce. So what are the issues? The Internet and mobile technology have allowed business and markets to expand consumer access to goods and services at competitive prices, while bringing greater transparency through price comparisons and the like, to inform consumer choice. At the same time, online shoppers complain about complexity and uncertainty about delivery for instance, or dispute resolution, and can be victims of misleading or fraudulent business practices. And improvements in business transparency, such as who to contact when a problem occurs with a good or a service, do not often extend to improved disclosures about how personal data may be collected and used by businesses online. Although consumers now have more tools to help police market conduct, the role of well-equipped consumer watchdog authorities, like the French DGCCRF, remains essential to enhance trust in the digital marketplace.

Constant effort is needed to address the challenges of protecting and empowering consumers in a complex and rapidly developing online environment. Take the role played by the OECD Committee on Consumer Policy. Our work resulted in March 2016 in the adoption by the OECD Council of a revised Recommendation on Consumer Protection in E-commerce, updating one of the long-standing OECD pillars for building trust online. While the fundamentals of earlier consumer protection approaches remain sound, the evolving e-commerce landscape throws up new challenges.

For example, today’s active consumers drive innovation and competition through product ratings and reviews. These shape business reputations and inform consumer decision-making, but can also be biased or untruthful. Another important change relates to consumer data, which is now at the core of e-commerce business models. A growing number of online platforms, such as social media, offer “free” services in exchange for consumer data. While the data use can be beneficial to both businesses and consumers, the risk environment is higher and the 2016 Recommendation now explicitly recognises that offering these services triggers consumer protection responsibilities. Other changes address challenges associated with the access and use of digital content products, mobile devices, new payment mechanisms, such as those charged onto mobile phone bills, and the product safety issues raised by ordering goods that may be produced in several countries of variable standards along increasingly complex (and possibly not that transparent) global supply chains.

Another key change is the arrival of a growing number of platforms that facilitate consumer-to-consumer transactions. The scope of the Recommendation has been expanded to cover the business activity of “collaborative” online platforms
that support transactions between consumers or “peers”, now commonly referred to as the “sharing” economy. These services, which blur the traditional boundaries between consumers and business, raise a number of difficult questions, including how to apply consumer protection frameworks to transactions involving non-traditional actors. These activities are also part of a broader set of policy issues affecting the online experiences of consumers and businesses, with implications for consumer protection, competition, taxation, social welfare and the effective protection of workers. Such challenges will keep policy makers busy for the foreseeable future adapting approaches that empower consumers with the tools they need to successfully navigate today’s dynamic e-commerce marketplace, while driving innovation, fair play and opportunity for all.

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