



Consumers International

Consumers @ shopping

An international comparative study of electronic commerce



Consumers@ shopping

An international comparative study
of electronic commerce



Consumers International

Programme for Developed Economies and Economies in Transition

Acknowledgements

This report was produced by Consumers International's Programme for Developed Economies and Economies in Transition, with financial support from the European Commission Directorate General XXIV (Consumer Policy and Consumer Health Protection).

Consumers International would also like to thank its member organisations that took part in the project (listed in full in Appendix 1), and in particular the members of the Steering Committee for their work and advice:

Rosanne Bersten and Louise Sylvan
(Australian Consumers' Association, Australia)
Françoise Domont-Naert and Pierre Delefortrie
(Verbruikersunie, Belgium)
Ursula Pachl (Bureau Européen des Consommateurs)
Victor Hung and Thomson Chung
(Hong Kong Consumer Council, Hong Kong)
Dirk Klasen (Arbeitsgemeinschaft der Verbraucherverbände, Germany)
Lena Hatzipetrou (E.K.PI.ZO, Greece)
Takeshi Muramoto (Consumer Law News Network, Japan)
Bjørn Erik Thon (Forbrukerrådet, Norway)
Ernesto Martinez and Fernando Hernandez
(Asociación para la Defensa de los Impositores de Bancos y Cajas de Ahorros de España, Spain)
Ingela Allenbert and Carina Heinlo
(Konsumentverket, Sweden)
Alison Hopkins and Lucy Rhodes (National Consumer Council, UK)
Mark Purdy (Consumers' Association, UK)
Robert Mayer (American Council on Consumer Interests, USA)

Co-ordinated by Consumers International's Programme for Developed Economies and Economies in Transition;

Director: Anna Fielder

Written and researched by Kate Scribbins

Assisted by Suzanne Gribble, Consumers International

Edited by Judith Gubbay

Designed and produced by Steve Paveley

Copyright © Consumers International

September 1999

ISBN 1902391 13 1

Contents

Executive summary	5
Conclusions	6
Recommendations	7
1 Introduction	11
2 Background	12
2.1 Ongoing work on electronic commerce and consumer protection	12
2.2 Self-regulatory initiatives	13
3 E-commerce guidelines and consumer rights: a country-by-country guide	14
3.1 National initiatives towards electronic commerce guidelines	14
3.2 Consumer liability for misuse of payment card details	16
3.3 The right to return goods bought over the internet	17
4 The shopping exercise: methods	19
4.1 Participants	19
4.2 The shopping list	20
4.3 Finding the sites to buy from	21
4.4 How the sites were assessed	21
4.5 Design of the survey sample	22
5 The shopping exercise: results	23
5.1 STAGE 1: Searching for sites	23
5.2 STAGE 2: Placing the order	23
5.2.1 Information about the retailer	23
5.2.2 Clarity of cost information	25
5.2.3 Stock/availability information	26
5.2.4 Terms and conditions	26
5.2.5 Applicable law	27
5.2.6 The ordering process	28
5.2.7 Payment options	28
5.2.8 Privacy	30
5.2.9 Information on use of 'cookies'	31
5.2.10 Information on returns	32

5.2.11	Information on complaints	33
5.2.12	Information on site security	33
5.3	STAGE 3: Delivery of the goods	34
5.3.1	Confirmation of order	34
5.3.2	Total amount charged for the goods	35
5.3.3	Stage at which account was debited	35
5.3.4	How long the goods took to arrive	36
5.3.5	Arrival date within period quoted by company when order placed	37
5.3.6	Goods that failed to arrive	37
5.3.7	Additional handling charges	37
5.3.8	Problems with the goods	37
5.3.9	Receipt included with goods	38
5.4	STAGE 4: Returning the goods	38
5.4.1	Explanation with the goods of how to return them	38
5.4.2	Convenient, easy-to-follow returns procedure	38
5.4.3	Restrictions on returning the goods	39
5.4.4	Costs incurred in returning the goods	39
5.4.5	Problems in obtaining a refund	39
5.4.6	How long it took to receive the refund	39
5.5	The shoppers' verdict	40
	Appendix 1	
	The participants	42
	Appendix 2	
	Sites with which orders were placed	44
	Appendix 3	
	Summary Table: Results analysed by country where internet retailer is based	46

Executive summary

With more and more retailers setting up shop on the world wide web, and more and more consumers online, internet shopping is accessible to ever-increasing numbers of people. In theory, it offers convenience, speed and choice to the consumer, but how well does it work in practice?

This report, **Consumers@shopping**, gives the results of an international comparative study of real-life experiences of shopping in the borderless world of the internet. The aim of the research was to find out how easy it is to shop, both at home and abroad, on the internet; and to identify good and bad practice, as well as potential problem areas.

The shopping survey which forms the basis of this report was carried out in late 1998 and early 1999, involving consumer organisations in 11 countries, whose researchers ordered a total of 151 items from sites based in 17 different countries.

The recommendations that arise from it, and from the literature research carried out in parallel with it, are aimed at international and national policy-makers, and at internet retailers and their industry bodies.

As work continues around the world, at national and international level, on developing guidelines for electronic commerce, this study provides concrete evidence of the consumer experience, thus helping to identify where consumer protection measures are required.

Conclusions

The results of this study show that regulators and retailers have much work still to do before the internet can offer a reliable environment in which consumers can shop with confidence.

Choice

Despite a proliferation of web shops for certain popular products (eg books and compact discs), choice is severely limited in many product areas. Although many retailers have a web site giving information about their company, it can be difficult to find sites to actually buy from: the global shopping mall is still a long way off.

Information

Retailers need to take steps to improve the quality of information they provide on key issues such as delivery charges, order progress, and their own policies on privacy, returns and redress. In many cases, the consumer is offered no information at all on these aspects at present.

Reliability of service

In an unacceptable number of cases, goods arrived very late, or not at all. Many retailers were very quick to charge purchasers for goods long before they arrived, but such speed was not evident when it came to returning money owed to customers. In many cases, our shoppers had a long wait before receiving their refund. With such poor levels of service, electronic commerce cannot be hailed as a brave new world for consumers.

Redress

In too many cases, consumers were not provided with essential information about complaints procedures. To make matters worse, the identity of the company was sometimes unclear, and 'real world' contact details, such as an address, were not provided. If something does go wrong, obtaining redress can be very difficult without such information.

There are still many obstacles to overcome before consumers can shop in cyberspace with complete trust. There is a very real need for some cyber-rules of commerce.

Recommendations

Much work is going on around the world to establish whether changes need to be made to bring electronic commerce within existing legislation and codes of practice. However, there has been little empirical research evidence to guide these efforts. Consumers International set up this study, bringing together an international team to conduct an extensive practical research exercise, with the aim of determining where the real problems for consumers lie.

Once consumers start buying from abroad, there are complex consumer protection issues to resolve – in particular, whose legislation they are covered by. International bodies are fully aware of the need for work in this area.

This report makes a number of recommendations that we hope will focus the energies of policy-makers, providing evidence that there are certain key consumer protection issues that must be addressed.

Many specific recommendations arise from the detailed research findings. These are summarised below, and can also be found in context within the main body of the report. In addition to these specific recommendations, most of which are aimed at retailers, we offer three more general recommendations that require international consideration and implementation.

General recommendations

- If consumers are to take full advantage of the global shopping mall theoretically offered by the internet, they must feel confident of receiving a consistent standard of consumer protection wherever they shop.

In order to make this possible, a co-ordinated international approach is needed to the formulation of guidelines governing electronic commerce. National governments should be encouraged to adopt best practice guidelines developed at international level (eg by OECD).

- Because adherence to many aspects of best practice guidelines is voluntary, consumers need a way of recognising internet shops which offer high standards of consumer protection with ease, wherever in the world those shops are based. The development of an internationally recognised certification or labelling scheme, which indicates that shops meet agreed minimum standards on a range of key issues, would go a long way to offering this international reassurance.
- As online consumers experience many types of problem, such as non-delivery of goods or obstruction in obtaining refunds, so there is a need for a third-party redress mechanism that offers a further channel to the consumer retailer that offers a further channel to the consumer once deadlock has been reached with the retailer. Such a mechanism needs to cover all companies selling goods to consumers on the internet. It needs to be accessible, affordable, fast, consumer-friendly, and binding on the company concerned. For such a mechanism to have teeth regardless of where a consumer shops, it must be supported by national governments.

Specific recommendations

Information about supplier

Consumers must be provided with details of the retailer's identity and physical location. Consumers should be made aware of the full name of the company they are dealing with, as this may not always be the same as the web address. The Consumers must at least be provided with the retailer's geographic address, the country the company is registered in, a phone number, and an e-mail address. Where applicable, the consumer should also be given the registration number or licence number for the retailer, and contact information for the body with which the business is registered or authorised, to enable the consumer to check legitimacy.

Information about delivery

Sites should make it clear to the consumer which countries they deliver to, before the order process is embarked upon. This information should be clearly signposted from the home page, and should be kept up to date.

Price information

Sites must display one overall total price to the consumer before the order is completed, which should include any delivery charges. If sites are marketing to consumers in other countries, it is important that they design their sites with the facility to incorporate the delivery charge in the total price, once the consumer has provided the relevant information about where they live and what form of delivery they want. Delivery charges can make a significant difference to the overall cost, so it is not acceptable to ask the customer to contact the retailer separately to obtain delivery costs.

Retailers supplying to other countries can also do much more to assist consumers in converting prices into their own currencies. Only one in four of the sites in other countries that we purchased from gave any assistance with converting prices (eg by providing a currency converter). This is not a difficult facility to provide, and helps the consumer considerably when deciding whether to make a purchase.

Terms and conditions

Terms and conditions contain essential information such as cancellation and cooling-off rights, payment and delivery terms, and dispute resolution, so it is essential that they be presented to the consumer before the purchase is completed. Retailers should design sites to ensure that purchasers are shown the terms and conditions before confirming their order, or are offered a link to click on to the terms and conditions before confirmation. Terms and conditions must be clearly signposted/titled, and clearly differentiated from other information, so that consumers can identify that this is the legal part of the contract.

Terms and conditions should be provided in a manner that can be readily printed off and kept by the consumer for future reference.

Applicable law

Consumers International and other consumer groups are firmly of the belief that the law governing internet transactions should be the law of the consumer's home country, in order that he or she is familiar with the protection available. This is a controversial area which is engendering much debate at present. Some retailers do stipulate within the contract which law they would like to apply, but a final decision on this, should a dispute arise, will be taken by the judge hearing the case.

If a retailer specifies that the law governing transactions on its site is that of the retailer's own country, rather than the consumer's country of residence, that condition must be highlighted to the consumer in a clear and unambiguous manner.

If a consumer agrees to such a contract, the consumer must not be deprived of the key consumer protections offered in his/her own country. Equivalent levels of protection must be offered. In addition, the consumer must have the right to pursue any dispute within his/her own country of residence.

Unambiguous ordering process

Prior to the conclusion of the contract, the process of finalising the contract should be clearly explained to the consumer. The retailer should tell the consumer

where the contract will be filed, and how to access it.

Site designers should use a three-stage (or triple-click) ordering model to ensure that there is no ambiguity in the ordering process. The three key stages are:

- The customer expresses an interest in buying the product (eg adds it to 'shopping cart')
- The customer gets the opportunity to review all details of the order (without having to scroll back manually), and to confirm that they are correct
- The customer agrees to go ahead and place the order, having had the opportunity to read the terms and conditions. It should be very clear that they have reached the final stage of placing the order.

Site design should also allow the consumer the opportunity to cancel the order immediately (before quitting the order process).

The legally binding terms and conditions of the contract must be clearly presented to the consumer before the order is finalised. Any terms and conditions that have not been presented to the consumer before the final offer is made shall only be regarded as binding on the consumer if subsequently accepted by him or her.

In order to complete the contract, the consumer should be sent an acknowledgement or confirmation of the order.

The agreement to purchase, and all information relating to the contract, must be printable by the consumer.

Privacy

All sites should have a privacy policy that is easy to understand and clearly signposted. The ideal privacy policy should include the following:

- Compulsory data collection should be limited to information that is necessary and reasonable for the transaction

- The consumer must be told what information is being collected and why, and how it will be used
- The consumer must have the right to refuse further communication from the company or associated companies, and must be clearly told how to exercise that right
- There should be a named individual within the company responsible for data protection, and consumers should be informed of this
- Consumers must have the right to review and correct any information held about them
- Consent to passing of data to third parties should be actively sought from the consumer, rather than being a negative default.

Security

Sites should offer information about security issues. This information should be accurate and easy to understand. It should be clear to the consumer when they are giving any personal information whether they are in a secure environment. Consumers should also be provided with information about their legal rights and liability for any losses should a fraudulent transaction occur.

Cookies

A cookie is a piece of information, or unique identifier, that is placed on your computer which enables web sites to remember information about the choices you make when you visit their sites. Cookies can be used to save you having to type in all your personal information and password every time you visit a site. They can also be used to build up a profile of your interests by tracking what sites and pages you visit. This can be used by advertisers to tailor their marketing to you. Some people see this as an invasion of privacy.

Sites should have a clear policy regarding their use of cookies, which informs consumers that they can set their web browser to alert them that a cookie is being received. Sites should tell consumers what will happen if they reject cookies.

Returns

Consumers should have the right to return goods, within a specified time limit, without having to give a reason. All sites should have a clear policy on returning goods, which is clearly signposted before goods are ordered. Information on how to return goods should be displayed on the site, and included with the goods when delivered. This policy should include information about any costs to be incurred by the consumer.

Complaints

Sites must include clear information on their complaints procedure, explaining to consumers how to go about making a complaint and who to contact. Sites should outline their policy for dealing with complaints, including any targets for responding to communications.

Consumers should be provided with information on any dispute resolution arrangements that exist should a complaint not be resolved satisfactorily by the retailer.

Information on order progress

Retailers should improve the information they provide to the consumer at every stage of the order process. This should include:

- Information on whether the item is in stock, before the consumer places an order
- If the item is not in stock, an indication of when more stock is expected, and a clear explanation of how they will keep the consumer informed
- Once the order has been placed, confirmation that the order has been successfully received

- Notification that the goods have been despatched, and of when the consumer should expect them to arrive.

Despatch and delivery

Retailers should display clear target times for despatch and delivery of goods, so that customers know what to expect.

Customers should be informed when goods have been despatched, so that they know to expect their goods shortly, and are thus made aware of any delivery problems. Retailers should provide a clear procedure for customers to follow if goods fail to arrive within the specified time, and customers should be clearly informed of their rights if the goods take an unreasonable time to arrive.

Money should not be debited before goods are despatched.

Returns and refunds

Sites should:

- Provide a policy on returns which makes the process as simple as possible
- Make this policy easily accessible by linking it to the order page and providing information to accompany the goods
- Clarify within the policy what costs the consumer will incur
- Process requests for refunds quickly and give targets for when consumers will receive their money
- Tell consumers what to do if they experience any problems in obtaining a refund.

1 Introduction

The objective of this research was to provide a picture of what internet shopping is like for consumers from different parts of the world wishing to buy goods, both within their own country and from web sites based abroad.

The research comprised two elements:

- An examination of available literature on the subject of consumer protection in electronic commerce, including existing research in this area. The aim of this was to assess the different consumer protection legislation or codes of practice in different countries, and to examine the extent to which they are being applied to electronic commerce (see Section 3)
- A substantial experience-based practical shopping exercise to obtain concrete information about consumers' experiences (see Sections 4 and 5).

The project had a Steering Committee made up of representatives from consumer organisations in each of the 11 participating countries (see Appendix 1). This Steering Committee agreed upon all the key stages of the project, and met twice during its course

– once to agree on the detailed research methodology and questionnaires, and again once the results were in to agree on conclusions and recommendations.

The shopping exercise began with a list of eight comparatively low-value items, chosen for the issues that might be raised in buying them over the internet. All were physical, rather than digital, goods. Services were also excluded: their purchase on the internet raises many additional issues, and merits consideration in its own right as a separate study.

The intention was that researchers in each of the 11 countries should buy the eight items twice, once from a web site in their own country, then from a site based abroad. Overall, the aim was to cover as wide a selection of retailers and countries as possible.

In the event, after difficulties in finding suitable sites from which to buy the products, a total of 151 orders was placed during the period from November 1998 to February 1999, on sites in 17 countries – producing a useful experience-based snapshot of what is necessarily a fast-changing situation.

2 Background

For people who cannot get out of the home, or have very restricted time available to shop, internet shopping can already have obvious advantages. As the volume of electronic commerce expands, and the range of products and services available grows, anyone with access to the internet should be able to benefit equally from the increased competition it promises to bring.

However, although access to the internet is growing all the time among individual consumers, they have been slower than businesses to explore the possibilities of buying products over the internet. Even in the United States, only 29% of the 53.5 million adults with internet access have made an online purchase¹.

In the United Kingdom, shopping ranks well below issues like education, business and e-mail access as reasons both for going online in the first place and for continuing to use the internet².

The slow take-up of online shopping can be put down, at least in part, to a lack of confidence in buying through this new medium, and to fears about security and fraud. Although our study did not pick up any instances of fraud, it did reveal some grounds for consumers' lack of confidence.

As the study reveals, when consumers commit themselves to a purchase online, they may not know the full identity of the retailer they are dealing with. They may not be told the terms

and conditions of the contract, or what their rights are when returning goods or obtaining redress. Nor may they have sufficient access to the retailer if something goes wrong – and the chance of something going wrong, such as non-delivery or damaged goods, is fairly high.

If electronic commerce is here to stay, national authorities, consumer organisations and businesses all have an interest in building consumer confidence by ensuring that consumers have the necessary access, protection, and service standards when buying.

2.1 Ongoing work on electronic commerce and consumer protection

So much work is going on around the world on amending existing legislation and codes of practice, and on establishing new guidelines governing electronic commerce, that it would not be feasible to list all these initiatives here. The ones set out below are those which are most relevant to the consumer protection agenda.

The World Trade Organisation (WTO) has established a work programme on electronic commerce (adopted by the General Council on 25 September 1998), and published a study (*Electronic Commerce and the role of the WTO*, WTO Publications, March 1998), which identifies a range of issues that need to be tackled, including access to the internet, regulation of content, security and privacy questions, and the legal and regulatory framework.

¹ Utah Office of Legislative Research and General Counsel cited in Fahys, 1999,

² Which? Online Annual Internet Survey 1998, Which? Online in association with MORI

The Organisation for Economic Co-operation and Development (OECD) Committee on Consumer Policy is drafting guidelines (*Guidelines for Consumer Protection in the Context of Electronic Commerce*), with detailed input from consumer representatives.

The Transatlantic Consumer Dialogue (TACD) formulated recommendations on electronic commerce at a conference on 23-24 April 1999 in Brussels. These recommendations cover the establishment of minimum standards for consumer protection, urge the development of an International Convention on Privacy Protection, special protection for children, minimum standards for disclosure of information by suppliers, intellectual property rights, and call for discussion of a proposal to create a permanent global institution for consumer protection.

The European Union's *Proposal for European Parliament and Council Directive on certain legal aspects of electronic commerce in the internal market, DGXIV, COM(98) 586 Draft*, seeks to clarify five issues where uncertainty arises due to divergent national legislation:

- place of establishment of service providers
- commercial communications (advertising, direct marketing etc) – definition and transparency requirements
- on-line conclusion of contracts
- liability of intermediaries

- implementation – strengthening enforcement mechanisms, facilitating the setting up of cross-border alternative dispute resolution systems, and a requirement for fast efficient legal redress in the on-line environment.

The European Union's Distance Selling Directive, which is still in the process of being transposed into national legislation across the EU, is also highly relevant (*Directive 97/7/EC of the European Parliament and the Council on the protection of consumers in respect of distance contracts, 20 May 1997*).

2.2 Self-regulatory initiatives

Many codes of practice are being developed around the world. These range from work being done by individual companies to guidelines that cover the practices of a particular industry (eg advertising or direct marketing) and guidelines that apply to businesses in general (eg Internet Service Providers' guidelines, BBBOnline in the USA). These initiatives typically involve guidelines and/or certification, but they may also involve third-party dispute resolution. Consumer organisations in a few European countries, including the Consumers' Association in the UK and Consumentenbond in the Netherlands, have recently launched a certification scheme which is run outside of the industry.

3 E-commerce guidelines and consumer rights: a country-by-country guide

Each participating consumer organisation provided information about what steps it and its government had taken on behalf of e-shoppers, and about the protection (if any) available for consumers making payment over the internet or wishing to return unsatisfactory goods.

3.1 National initiatives towards electronic commerce guidelines

This section outlines specific initiatives being taken to develop guidelines for electronic commerce in the countries included in this survey. In addition to these specific guidelines, electronic transactions are of course governed, like any other transactions, by existing rules, for example on advertising, marketing, and unfair contract terms. However, agreement on which laws should apply in cross-border transactions has been the subject of debate (see paragraph 5.2.5).

Countries within the European Union are currently in the process of transposing the Distance Selling Directive into national law. This will have an important effect on electronic commerce. For more information about international initiatives, see Sub-section 2.1.

Australia

In Consumer Protection in Electronic Commerce; Principles and Key Issues, April 1998, the government National Advisory Council

on Consumer Affairs set out 12 principles for electronic commerce:

- 1 Consumers using electronic commerce are entitled to at least the same levels of protection as is provided by the laws and practices that apply to existing forms of commerce.
- 2 Consumers should be able to establish the identity and location of businesses with which they deal.
- 3 Consumers should have readily available clear and comprehensive information before and after any purchase of goods and/or services.
- 4 Sellers must state contract terms in clear, simple language.
- 5 Sellers should ensure they receive confirmed meaningful consent from consumers for a purchase of goods and/or services.
- 6 Consumers are entitled to receive clear information about the types of payment which will be accepted by the merchant or the payment provider.
- 7 Consumers are entitled to have their complaints and inquiries dealt with fairly and effectively.
- 8 Sellers should provide information to

consumers about affordable and effective dispute resolution arrangements, when they are available.

- 9 Sellers must respect customer privacy.
- 10 Industry code administration bodies must closely monitor the application and effectiveness of their codes and be able to correct any deficiencies which are identified.
- 11 Each code-operating body should strive to maintain and promote consumer confidence in the global marketplace.
- 12 Governments should actively develop their consumer protection responsibilities.

The Australian Consumers' Association magazine *Choice* has published a number of articles giving advice to consumers on electronic commerce.

Belgium

There are no specific guidelines for electronic commerce.

The Belgian consumer organisation, Verbruikersunie, published guidance on electronic commerce in *Budget & Droits No 138, April 1998*.

Germany

There are no national guidelines for electronic commerce business practices yet. However, a 1997 law (Informations-und Kommunikationsdienste-Gesetz-IuKDG) covers electronic information and communication services, and contains consumer protection provisions in areas such as:

- identity of supplier
- data protection
- digital signatures and certification processes
- protection of children
- copyright.

The German consumer organisation, AgV, has published a number of studies and brochures giving advice to consumers on electronic commerce.

Japan

Effective approaches to consumer protection in electronic commerce (interim discussion of issues), Consumer Business Research Committee, Ministry of International Trade and Industry, February 1998, promotes the use of guidelines prepared by the Electronic Commerce Promotion Council of Japan. These cover:

- consumer protection
- privacy and payment
- clarification of the law governing sales made in the home
- the need for strict enforcement of existing laws
- the need for greater education of consumers.

Hong Kong³

Nothing specific on electronic commerce has been issued to date.

Norway

See Sweden for The Nordic Consumer Ombudsman's position paper.

The Norwegian consumer organisation, Forbrukerrådet, is just completing a comprehensive study of legal protection and privacy on the internet.

Sweden

The *Nordic Consumer Ombudsman's position paper on trading and marketing on the Internet and in similar communication systems* (December 1998, available at <http://www.kov.se> in English) covers:

- marketing material
- clear provision of information

³ Throughout this report we refer to Hong Kong rather than China, because the Hong Kong Consumer Council was one of the participating organisations, and because Hong Kong's consumer market remains distinct from that of the mainland.

- conclusion of contracts
- binding communications
- payment
- performance and complaints procedures
- use of e-mail
- processing of data
- marketing directed at children and young people.

United Kingdom

Various consultative documents have been issued by the Department of Trade and Industry. *Net benefit: the electronic commerce agenda for the UK* (October 1998) establishes some consumer and data protection principles, generally confirming that existing UK legislation covers internet transactions. The Office of Fair Trading issues extensive guidance to consumers on how to use the internet for shopping safely.

United States

The most important agency with regard to consumer protection and electronic commerce is the Federal Trade Commission (FTC). The FTC's philosophy is that the laws, regulations and guidelines it governs are as applicable to online transactions as other transactions. Various documents such as *Advertising and Marketing on the internet: The Rules of the Road* and *Guide to Online Payments* illustrate this position. In addition, the FTC has held hearings to help it understand how traditional consumer protections can best be translated into the new medium.

The one instance in which the FTC is moving in a new direction because of the internet is the privacy of children. In 1998 the United States Congress passed the Children's Online Privacy Protection Act. The FTC is responsible for issuing appropriate regulations.

Consumer liability for misuse of payment card details

One essential element of online shopping is the passing of credit card details to the retailer over the internet, and the associated worries about these details reaching unauthorised third parties. Although there are few rules specifically about credit cards and the internet, existing legislation is relevant in some countries.

Australia

If the transaction involves a card and a Personal Identification Number, the Electronic Funds Transfer (EFT) Code says the consumer is liable for the first A\$50 of any unauthorised transaction, unless the misuse stems from the consumer's negligence, in which case the consumer is liable for the total amount. If the transaction involved a card and no PIN, but does require a signature, the consumer is not liable for any unauthorised transactions (since the transaction requires a signature in order to be legitimate).

Transactions involving a card and no PIN, not requiring a signature (eg over the phone or internet), are a grey area. Currently, some card issuers hold the merchant liable for unauthorised transactions. This area needs to be clarified within the EFT Code, which is currently being revised.

Belgium

There is no specific legislation, so contract terms for payment cards are defined by each bank. However, in general, the consumer is not liable for fraudulent use once the bank is notified of loss, and liability is limited to 150 Euros before notification, unless gross negligence has occurred.

A new law about distance contracts⁴ passed in May 1999 contains a specific provision concerning credit cards used 'without any physical presentation or electronic identification'. According to this provision, in the case of fraudulent use of a card in a distance contract, the consumer is not

⁴ Amendment to the 14 July 1991 Commercial Practices and Consumer Information and Protection Act, 25 May 1999.

responsible unless he or she has acted in a fraudulent way. The card-holder can cancel the fraudulent payment, and the card issuer must reimburse him/her within 30 days. This law comes into force on 1 October 1999.

Germany

If a card is lost, the consumer is liable for the first 100 DM before the loss has been notified to the card issuer.

Hong Kong³

There is no general legislation governing liability in case of fraud, so it depends on the policy of the card issuer.

Norway

If no negligence can be shown, the cardholder's liability is limited to 90 Euros. A new law on financial contracts has recently been introduced, which allows for charge-backs (where the credit card issuer refunds the consumer in the event of a dispute and takes the matter up with the retailer) in case of unauthorised withdrawals.

Sweden

So long as the consumer has not acted negligently, and informs the issuer of loss, he or she is not liable for any fraudulent use. The Swedish Banking Association has recommended that consumers do not use credit cards on the internet due to the inconvenience which may be suffered if a fraudulent use occurs.

United Kingdom

The cardholder's liability is limited to the first £50 of a fraudulent transaction, and nothing once the card issuer has been informed of loss or fraud. Section 75 of Consumer Credit Act offers valuable extra protection to consumers who pay by credit card. For purchases over £100 consumers can claim against the card issuer as well as against the supplier if something goes wrong. This can be useful if consumers cannot contact the seller or if they go out of business. There is ongoing argument about whether this applies to purchases from abroad, but consumer organisations are firmly of the opinion that it does. Card issuers are currently meeting claims on a voluntary basis.

United States

The 1975 Fair Credit Billing Act protects consumers when using a credit card to make a purchase. If a consumer reports a problem with a purchase (such as billing errors, charges higher than agreed, goods not shipped as ordered) within 60 days of the billing date, the bank must investigate and respond within 30 days. While the matter is under investigation, the consumer does not have to pay the disputed amount or any finance charges on it.

The Fair Credit Billing Act and the Federal Electronic Funds Transfer Act protect consumers against potential liability from a lost or stolen credit card. The consumer's liability is limited to \$50 per credit card account, and zero once loss or theft is reported. These protections apply if the theft occurs over the internet.

3.3 The right to return goods bought over the internet

Australia

The consumer only has a right to return goods if they are not of merchantable quality, are defective, not fit for their purpose, or do not fit the description. The consumer has a right to choose a refund, repair or replacement. There is a 10-day cooling-off period for door-to-door sales worth more than A\$50.

Belgium

Consumers have the right to cancel contracts within seven days of delivery, and to postpone payment until the end of the cooling-off period.

Germany

Consumers have the right to return goods if they are defective or do not fit their description. It is up to the retailer to decide whether to take back a non-defective product. For mail order, most German companies offer to take back goods if they are returned within 14 days, without any conditions.

Hong Kong³

There is no common right to return goods in Hong Kong, although the consumer can cancel the contract if goods are faulty.

Norway

The consumer has a 10-day cooling-off period for internet purchases of goods worth over 35 Euros.

Sweden

For mail order, the consumer has a right to return goods within 10 days without having to give a reason.

United Kingdom

Goods must be as described, of satisfactory quality and fit for their purpose; otherwise the consumer has the right to reject them. These rights apply to goods bought in a sale as well as at full price. Many traders also allow the consumer to return or exchange goods for other reasons, so long as it is within a short time span (often seven days).

United States

Consumer protections regarding returns exist at state level. Sellers are generally not required to accept returns or offer refunds for non-defective goods, but they may be obliged to clearly state the absence of a refund, exchange or credit policy. Without such a statement, sellers are expected to offer refunds for non-used, non-damaged and non-perishable goods.

European Union

Within the European Union, Directive 97/7 on distance selling (see Sub-section 2.1) gives the consumer seven days from receipt of goods to return them, at no cost (apart from direct costs of returning them) and without having to give a reason.

4 The shopping exercise: methods

The objective of this practical shopping exercise was to obtain concrete information about consumers' experiences of shopping online. Researchers from the 11 participating countries were given a list of eight products to shop for over the internet, each of which they should then try to buy from one home-based web site and one other site based abroad. Between November 1998 and February 1999 they placed a total of 151 orders from sites based in 17 countries.

The project Steering Committee, made up of representatives of each of the participating organisations (whose details appear in Appendix 1), met at the outset to agree the research methodology and questionnaires for the researchers to complete. It then met again, when the results were in, to agree the conclusions and recommendations.

A detailed questionnaire was developed which recorded the participants' shopping experiences. The questionnaire was divided into three parts:

- information on the site, leading up to the placing of the order
- delivery of the goods
- returning the goods.

In practice, the preliminary process of finding sites to buy from added a fourth part to the exercise.

The researchers were also asked for any general comments on each stage of the process – whether they found the site easy to use, whether they experienced any problems with delivery of the goods, and any problems or comments on the returns process.

4.1 Participants

A researcher from each of the 11 countries listed in Table 4.1 took part in the exercise (two UK consumer organisations were involved, but only the NCC researcher carried out the shopping).

All the researchers who did the shopping were familiar with using computers, but not all had shopped using the internet before, so their experiences fairly reflect what ordinary consumers might find when trying out internet shopping.

Anonymous e-mail accounts were set up for the duration of the exercise, so that the retailers would have no clue that they were dealing with someone from a consumer organisation.

Table 4.1: Participating countries/organisations

Australia	Australian Consumers' Association (ACA)
Belgium	Verbruikersunie (VU)
Germany	Arbeitsgemeinschaft der Verbraucherverbände (AgV)
Greece	Consumers Association – The Quality of Life (E.K.PI.ZO.)
Hong Kong	Hong Kong Consumer Council (HKCC)
Japan	Consumer Law News Network (CLNN)
Norway	Forbrukerrådet
Spain	Asociación para la Defensa de los Impositores de Bancos y Cajas de Ahorros de España (ADICAE)
Sweden	Konsumentverket/KO
United Kingdom	Consumers' Association (CA)
UK	National Consumer Council (NCC)
United States	American Council on Consumer Interests (ACCI)
Co-ordinator	Consumers International (CI)

4.2 The shopping list

The eight products on the shopping list were chosen because they were among those most commonly purchased on the internet, and because they were likely to reveal a broad range of potential problems. Food products, for example, raise issues about timely delivery, while clothing raises issues about consumer-friendly returns policies.

The list was drawn up to include an electrical item, a fragile and alcoholic item, a perishable item, some clothing, a toy, and small items of computer hardware and software:

- dictionary
- barbie doll or other toy
- jeans
- hair-drier
- software game
- champagne
- chocolates or hamper
- computer RAM.

Other popular internet purchases are travel tickets, CDs, videos and flowers. Travel tickets were excluded as too expensive for this study; CDs and videos, since it was felt they were similar to books in many ways (eg mature shops, straightforward products, easy to post). Flowers were excluded as being unsuitable for delivery abroad.

The study's focus was on business-to-

consumer transactions involving products. So, despite their increasing popularity, we did not buy from auction sites; nor did we try to buy services. The purchase of services on the internet raises many additional issues, and merits consideration in its own right as a separate study.

Researchers were asked to return all the goods except the chocolates and the champagne to assess how straightforward this process was.

Table 4.2: Where the goods were ordered from

Site based in	Number of items ordered
Australia	10
Austria	1 (see note 1, paragraph 4.5)
Belgium	6
Canada	5
France	7 (2 from same site)
Germany	8
Greece	4
Hong Kong	7
Italy	1 (see note 1, paragraph 4.5)
Japan	7
New Zealand	1 (see note 1, paragraph 4.5)
Norway	6
Spain	6
Sweden	8
Switzerland	6 (3 from same site)
UK	23
USA	45
TOTAL	151

4.3 Finding the sites to buy from

Researchers were not instructed to seek out little-known sites, or sites with a poor reputation: our aim was to replicate as closely as possible a consumer's normal experience. As a result, the sites selected were often well-known, well-established sites.

Wherever possible, everyone shopped for the same version of each item on the list (ie Oxford English Dictionary, Quake 2 software game etc). However, since it was not the purpose of this exercise to carry out a detailed price comparison, researchers were free to substitute similar items where necessary.

Once each organisation had selected a shortlist of sites to buy from, it was checked against the other lists by the Project Co-ordinator to eliminate unnecessary duplication of sites, thereby ensuring that coverage of sites was as wide as possible.

An additional aim was to buy from as many different countries as possible, so researchers were encouraged to look for sites based in countries other than the United States. Despite this, many had difficulty in finding non-US sites to buy from, so we have a preponderance of US-based sites in our

sample. Of the sites we shopped from, 30 per cent were based in the USA, 15 per cent in the United Kingdom, and the remaining 55 per cent were split fairly evenly among the other countries (listed in Table 4.2). This reflects the state of the internet shopping market as of early 1999.

4.4 How the sites were assessed

Existing literature and consumer research was used, together with the team members' own knowledge of the subject, to determine what the key issues were likely to be for consumers of electronic commerce – and therefore what our assessments of web sites should concentrate on. Our survey was designed to cover the following areas:

- **clarity of information offered about the retailer** – 'real world' identity and geographical location of retailer; ways to contact retailer, online and offline
- **clarity of price and product information** – comprehensive, clearly-displayed, itemised price information (including taxes and delivery costs), given before the order is completed; product availability details; help in converting prices (if buying from abroad); information about any product warranty

Table 4.3: Orders placed by participating organisations/countries

Participating organisation based in	Total items ordered	Items ordered from own country	Items ordered from sites based abroad
Australia	16	8	8
Belgium	13	5	8
Germany	16	8	8
Greece	7	4	3
	(see note 2, paragraph 4.5)		
Hong Kong	15	7	8
Japan	14	7	7
Norway	14	6	8
Spain	10	6	4
	(see note 2, paragraph 4.5)		
Sweden	14	7	7
United Kingdom	16	9	7
United States	16	8	8
TOTAL	151	75	76

- **clarity of information about delivery process and associated costs** – clear information about delivery methods and time taken; target time for despatch; choice of delivery times to suit the customer; details of delivery method and arrival date
- **clarity of terms and conditions of contract** – easy access to key terms and conditions of contract (eg cancellation and cooling-off rights, payment and delivery terms and dispute resolution mechanisms) before finalising order
- **clarity of ordering process** – clearly-defined ordering process so consumer is aware of stages and point at which they commit themselves to the contract; opportunity to cancel the order, in case of a mistake or change of mind; confirmation of receipt of the order
- **collection of personal information about customers** – essential and non-essential personal information demanded or requested; chance to opt out of the company's mailing list; chance to prevent details being passed to other companies; explanation of what retailer uses details for; use of 'cookies' (see paragraph 5.2.9 for what these are)
- **clarity of information regarding returns, complaints and site security** – good, easy-to-find returns policy; information about what to do when something goes wrong (eg late delivery, non-delivery); clear indication that the site is secure; easy-to-find complaints procedure; additional information about security
- **timely arrival and condition of goods** – time between ordering and delivery; whether company met its own delivery target (if any); condition of the goods; enclosed or separately posted receipt or invoice; clear explanation of how to return the goods
- **collection of payment** – customer's account ideally not debited before goods received; amount paid exactly as itemised when order was placed (excluding minor

variations due to exchange rate fluctuations)

- **ease and efficiency of returns and refund process** – existence of returns procedure; easy and convenient process; additional costs incurred in returning goods; problems in obtaining a refund; how long it took; whether whole amount refunded.

Our findings are set out in Section 5, together with more detail about the issues outlined above, and recommendations arising from them. In general, results are broken down by the country in which the sites were based.

For a full list of the sites from which goods were ordered, see Appendix 2. Appendix 3 lists the basic yes/no questions in the questionnaire, with their country-by-country percentage responses.

4.5 Design of the survey sample

The research was designed to provide a snapshot picture of the state of electronic commerce at the time we carried out our shopping. It was not designed to give statistically representative results for each country involved in the study.

When aggregated to give overall results, our sample size of 151 orders placed yields a reasonable description of the state of internet shopping, both domestic and trans-border, as of early 1999.

Note 1: Individual results for all countries should be treated with caution, especially countries with particularly small samples. In the tables in Section 5, results are given for 14 of the 17 countries; results for the three countries with fewer than four sites visited (Austria, Italy and New Zealand, see Table 4.2) are not analysed individually, although they are included in the 'overall' figures.

Note 2: No data about the delivery or return/refund stages was available from Greece or Spain in time for the analysis, so results for these sections are based on the 134 purchases made by researchers in the remaining nine participating countries (see Table 4.3).

5 The shopping exercise: results

Throughout this section, findings are usually preceded by background information about underlying issues and followed, where appropriate, by recommendations arising from them. In general, results are broken down by country in which sites visited were based.

5.1 STAGE 1: Searching for sites

The first stage for the participants was to search for sites to buy from. We wanted to replicate a 'normal' consumer's experience as closely as possible, buying from fairly easily available sites. In particular when buying from abroad, we wanted to replicate real experience by choosing sites that actively promoted themselves or sought out business in the consumer's home country. The team used online search engines and shopping directories to locate sites, as well as using their own knowledge and following recommendations in consumer publications.

FINDINGS

Our first key finding, even before the practical exercise was embarked upon, was that locating sites to buy from is not always straightforward. In almost all cases we were able to locate a site to buy the listed items from in the consumers' own country, but buying from abroad was more difficult. In many cases, establishing whether a particular site was prepared to deliver items abroad was a time-consuming process.

In a few cases we wasted time placing the order only to be told at the end of the process that the site would not deliver.

A particularly frustrating example was toysonline.com.au, a retailer based in Australia which seemed to ship to the United States. Researchers went through the whole process of submitting the order and giving credit card details, only to be told at the final stage that it did not ship to the United States. We were then unable to clear the payment information from the site.

RECOMMENDATION

- Sites should make it clear to the consumer which countries they deliver to, before the order process is embarked upon. This information should be clearly signposted from the home page, and should be kept up to date.

5.2 STAGE 2: Placing the order

5.2.1 Information about the retailer

When shopping on the internet, the consumer is to some extent buying in the dark, unable to 'see' the identity of the retailer. The only information the consumer will definitely have when visiting a site is the URL (Uniform Resource Locator, in other words, address) for that site. However this will not necessarily correspond exactly with the name of the company concerned; it may not tell the consumer which country the company is based in; and the consumer may be diverted to another URL at some point during the transaction.

Concrete information over identity is essential because it relates to jurisdictional issues, as well as being vital if the consumer should need to complain, so it is essential that the site

should offer clear information about the 'real world' identity and location of the retailer. Consumers also need clear information about how to contact the retailer other than through the internet in case of queries or disputes.

FINDINGS

Our research shows that confusion over the identity of the retailer is a real concern. In some cases we found that it can be unclear whom the consumer is dealing with. We found that the name of the retailer or the web address, or even the country the retailer was based in, would change halfway through the transaction as we were routed from one site to another. This can create anxiety if the consumer is unsure whom he or she is dealing with.

For example, we placed an order with **americities.com** (USA), but all paperwork was with a company called **computerpartsusa.com**. We started placing an order with **cdnheritageco.mb.ca**, but the site name changed halfway through to Winnipeg Fur Exchange. We bought chocolates from **rothschild-chocolates.com** (Germany), but the company name on the credit card bill was different. We ordered chocolates from **cafe_tasse.be**, a Belgian site, only to find that we were re-routed to **chocosphere.com**, based in Oregon, USA.

We assessed whether the site provided a geographical address for the retailer; a registration number or licence number for the retailer; a phone number for order queries; an e-mail address; and a contact name (see Table 5.1).

It is worrying that in more than a quarter of cases, the consumer had no geographical address for the retailer should they have any queries about their order, and should e-mail contact fail or companies fail to respond to e-mail queries.

RECOMMENDATIONS

- Consumers must be provided with details of the retailer's identity. Consumers should be made aware of the name of the company they are dealing with, since this may not always be the same as the web address. This information should include a registration number if applicable (and contact information for the body with which the business is registered or authorised, to enable to consumer to check legitimacy)
- The consumer must be provided with the retailer's physical address, the country the company is registered in, a phone number, and an e-mail address.

Table 5.1: Contact information provided on web site

Sites based in	Address	Registration number	Phone number	E-mail	Contact name
	%	%	%	%	%
Overall	72	12	74	83	11
Australia	60	0	80	60	0
Belgium	83	0	83	100	17
Canada	80	0	80	100	0
France	57	67	57	71	29
Germany	100	0	88	100	43
Greece	50	50	50	100	0
Hong Kong	71	0	86	1	0
Japan	71	14	57	5	29
Norway	67	17	50	67	20
Spain	50	0	100	100	0
Sweden	75	29	63	88	17
Switzerland	67	0	0	50	0
UK	83	23	96	87	15
USA	73	7	74	86	5

5.2.2 Clarity of cost information

Our researchers assessed whether the total price was clearly itemised; whether any information on additional charges was mentioned; and whether any help was offered in converting the price if buying from abroad. Since delivery is an important part of any internet purchase, we were looking for clear information about delivery costs, methods and time taken.

FINDINGS

Overall, we found that cost information was clear in 76% of cases (see Table 5.2). The percentage was higher for many countries, but the overall total is brought down by poor results for sites based in Greece and Spain.

Table 5.2: Cost information provided on web site

Sites based in	Clear cost information %
Overall	76
Australia	70
Belgium	83
Canada	80
France	67
Germany	75
Greece	50
Hong Kong	100
Japan	100
Norway	100
Spain	33
Sweden	86
Switzerland	67
UK	83
USA	71

Lack of information about delivery charges was the biggest problem. The delivery charge was not always included as part of the total price displayed. This could make a big difference to the total order price, particularly if buying from abroad. Many sites asked the customer to contact them separately about delivery charges. Delivery charges are often related to the weight of the product, so if the consumer does not know the weight, it is difficult to anticipate the mailing costs.

Pricing information was almost always clearer when buying from sites in the home country

rather than from sites based abroad. This is not surprising given that delivery costs create the majority of problems.

The relative performance of the countries as listed above is affected by the fact that some countries (particularly the USA, followed by the UK) had lots of foreign purchasers, whereas for other countries (eg Hong Kong, Japan and Norway), almost all purchases were domestic. In order to address this imbalance, we looked at the clarity of cost information when the shopper was shopping within his/her own country (Table 5.3). For most countries, we found no significant change, but for the USA and the UK, cost information presents much less of a problem to domestic customers than to customers from other countries.

Table 5.3: Cost information provided on web site, where buyer was based in the same country as the site

Sites based in	Clear cost information %
Australia	75
Belgium	80
Germany	75
Greece	50
Hong Kong	100
Japan	100
Norway	100
Spain	33
Sweden	86
UK	100
USA	100

RECOMMENDATIONS

- Sites must display one overall total price to the consumer before the order is completed, which should include any applicable local taxes and any delivery charges. If sites are marketing to consumers in other countries, it is important that they design their sites with the facility to incorporate the delivery charge in the total price, once the consumer has provided the relevant information about where they live and what form of delivery they want. Delivery charges can make a significant difference to the overall cost, so it is not acceptable to ask the customer to

contact the retailer separately to obtain delivery costs

- If for some reason the retailer is genuinely unable to provide a delivery charge at the time the order is placed, the retailer should contact the customer with details of the charge as soon as it is known, and before the goods are despatched
- Retailers supplying to other countries can also do a lot more to assist consumers in converting prices into their own currencies. We found that only 24% of sites based abroad that we purchased from gave any assistance with converting prices (eg by providing a currency converter). This is not a difficult facility to provide, and helps the consumer considerably when deciding whether to make a purchase.

5.2.3 Stock/availability information

We recorded whether it was clear that the item being ordered was in stock. If it was clear that the item was not in stock, we recorded whether any information was provided as to when it would be available.

FINDINGS

Generally information about availability of items was poor. We found information on whether the product we wanted was in stock in only 22% of cases (see Table 5.4). Where we were told that the item was not in stock, only 5% of sites gave us any information about when stock would be in.

Many retailers seem to assume that the default is that the item is available, but as some of our experiences revealed, this could not always be relied upon. In some cases we placed an order, only to be contacted some time later to be told the item was not in stock. For example, we were only told that the book we ordered from bokkilden.no (Norway) was out of stock two weeks after placing our order.

In combination with a lack of information about order confirmation or order progress, as we shall discuss later (paragraph 5.3.1), this lack of availability information too often leaves the internet shopper in the dark about the status of his or her order. Since many internet purchases fail (see paragraph 5.3.5) for one

reason or another, this lack of information is a big disincentive to shoppers.

Table 5.4: Clarity over whether the item required was in stock

Sites based in	Clear whether the item was in stock
	%
Overall	22
Australia	10
Belgium	0
Canada	0
France	0
Germany	13
Greece	25
Hong Kong	14
Japan	14
Norway	17
Spain	0
Sweden	25
Switzerland	0
UK	43
USA	35

RECOMMENDATION

- Retailers should provide information on whether an item is in stock before the order is placed. If an item is not in stock, the consumer should be told when stock is expected. Consumers should be told how the retailer will keep them informed about stock availability and order progress.

5.2.4 Terms and conditions

When making an internet purchase, it is important that consumers understand they are entering into a legally binding contract, with certain commitments attached on both sides. Consumers should be given easy access to this information before finalising their order, and it should be clearly identified as the legal part of the contract.

Terms and conditions cover, among other things, aspects such as:

- payment terms
- delivery terms
- guarantees/warranties
- cooling-off period
- conditions relating to return or exchange of goods, cancellations and refunds.

Table 5.5: Contract terms spelled out on web site

Sites based in	Shown before purchase	Had to search	Not available
	%	%	%
Overall	27	29	40
Australia	40	30	30
Belgium	17	33	50
Canada	20	20	60
France	43	43	14
Germany	50	50	0
Greece	20	20	40
Hong Kong	0	29	71
Japan	100	0	0
Norway	17	50	33
Spain	50	17	33
Sweden	0	75	25
Switzerland	17	0	67
UK	17	22	52
USA	22	29	42

*Where the figures do not add up to 100%, this is because there are a few gaps in data for this question.

Ideally, the terms and conditions should be offered to the consumer, without any need to search for them, before the order is completed. An example of this is having a click button on the order page that takes the consumer to the terms and conditions. At the very least, the terms and conditions should be clearly signposted from the home or order page so that the consumer can find them easily if searching for them.

FINDINGS

In over a third of our purchases (40%), we were unable to find the terms and conditions governing the purchase, even though we searched for them (see Table 5.5). The essential terms of the contract were presented before the order was finalised in only 27% of cases. In a further 29% of cases our purchasers managed to locate the terms and conditions after searching for them. They were sometimes located under FAQs (Frequently Asked Questions), and were not clearly signposted as being the legally binding contract details. Of course 'real' consumers might not search in this way before committing themselves to a contract.

RECOMMENDATIONS

- Terms and conditions form the legally

binding elements of the contract to purchase, so it is essential that they be offered to the consumer before the purchase is completed. Retailers should design sites to ensure that purchasers are shown the terms and conditions before confirming their order, or are offered a link to click on to the terms and conditions before confirmation. Terms and conditions must be clearly signposted/titled, and clearly differentiated from other information, in order that consumers can identify that this is the legal part of the contract

- Terms and conditions should be provided in a manner that can be readily printed off and kept by the consumer for future reference.

5.2.5 Applicable law

Within the terms and conditions, we looked to see whether the issue of jurisdiction and applicable law was mentioned. This is a particularly controversial matter for electronic commerce, and could have important implications for consumers, because their protection when buying goods may vary depending on whether they are covered by the law in their own country or the law of the country where the retailer is based.

Consumers International's guiding principle for consumer protection is that, wherever a transaction is conducted, the consumer must not be deprived of the protections offered by the law of his or her own country of residence, and that the consumer has the right to have any dispute heard and settled in his or her country of residence. To expect a casual shopper to understand the implications of agreeing to abide by an unfamiliar law or court is unreasonable, and amounts to a denial of access to justice. If retailers ask consumers to enter into contracts governed by an unfamiliar law, this can only increase consumer mistrust in internet shopping.

FINDINGS

We found that applicable law was mentioned in only 15 (10%) of sites visited (see Table 5.6). Reference to applicable law was usually in small print, buried within lengthy legal text on terms and conditions. In no case did we find that applicable law was highlighted, or that the implications of this condition were spelt out to the consumer. Consumers were probably unaware that by clicking their agreement to the terms and conditions, they were also clicking agreement to be governed by the law of another country. In all cases, the applicable law referred to was that of the retailer's country of origin.

Table 5.6: Sites where applicable law was mentioned

Sites based in	Number mentioning applicable law
Australia	1
Belgium	2
France	3
Germany	1
Spain	1
Switzerland	1
UK	2
USA	4

5.2.6 The ordering process

Internet purchasers should be taken through a clearly defined ordering process so that they are fully aware of what stage they are at, and at what stage they are finally committing

themselves to the contract. Ideally this process should comprise three clear stages:

- the customer expresses an interest in buying the product (eg adds it to shopping cart)
- the customer gets the opportunity to review all details of the order (without manually scrolling back), and to confirm that they are correct
- the customer agrees to go ahead and place the order, having had the opportunity to read the terms and conditions (see paragraph 5.2.4). It should be very clear that they have reached the final stage of placing the order.

Before this three-stage ordering process is complete, the customer should have the chance to cancel the order by electronic means immediately and unequivocally, without exiting the ordering process. This gives customers the chance to cancel the order if they realise they have made a mistake or changed their mind. Cancelling later by e-mail or once the order confirmation has been sent by the retailer is not counted as an immediate ability to cancel.

FINDINGS

Overall, we had the chance to review the details of our order in 89% of cases; it was clear that the final stage had been reached in 92% of cases; and we had the chance to cancel the order in 49% of cases (see Table 5.7).

RECOMMENDATION

- Site designers should use the three-stage model outlined above to ensure that there is no ambiguity in the ordering process. The legally binding terms and conditions of the contract must be clearly presented to the consumer before the order is finalised. Site design should also allow the consumer the opportunity to cancel the order.

5.2.7 Payment options

We recorded what payment options the consumer was offered by the site. We assessed whether the site allowed you to pay by credit card or debit card, by transmitting your information in a medium other than the

Table 5.7: Opportunities to review or cancel an order

Sites based in	Chance to review	Final stage made clear	Chance to cancel
	%	%	%
Overall	89	92	49
Australia	100	80	40
Belgium	83	83	50
Canada	60	100	80
France	100	67	40
Germany	75	88	88
Greece	100	100	75
Hong Kong	100	100	0
Japan	100	100	9
Norway	67	67	100
Spain	100	100	33
Sweden	88	88	80
Switzerland	67	83	40
UK	82	100	41
USA	93	95	55

internet (eg phone or fax), and by paying cash on delivery. We also recorded other payment methods offered, which included cheques/postal orders, bank transfer, store card, and gift certificates. At the time we did the research (late 1998 to early 1999) we did not find any sites offering electronic cash as a means of payment.

FINDINGS

It is noteworthy that the popularity of various payment methods varies greatly from country

to country (see Table 5.8). In particular, cash on delivery is a very common method in some countries and virtually non-existent in others. This difference has important implications when considered in conjunction with non-delivery of goods.

In the vast majority of cases we experienced no problems in paying for our goods.

However, it is worth noting that in some cases when buying from abroad, using a credit card

Table 5.8: Methods of payment offered by web traders

Sites based in	Credit card	Debit card	Non-internet	Cash on Delivery
	%	%	%	%
Overall	85	25	29	27
Australia	90	40	60	10
Belgium	83	0	50	17
Canada	100	80	40	20
France	100	0	29	14
Germany	25	0	13	75
Greece	80	0	20	80
Hong Kong	86	0	14	14
Japan	57	0	0	71
Norway	33	17	33	50
Spain	100	0	0	83
Sweden	50	0	25	75
Switzerland	100	33	0	0
UK	96	35	43	4
USA	98	40	29	11

proved to be a problem. In one case, the site refused to accept valid credit card details, so the order could not be completed. In another, the site insisted on a faxed copy of the credit card and copies of previous credit card transactions.

Our German researcher was asked to pay for verification of his credit card details. Our Japanese researcher had to take out the credit card designated by the site if he wanted to pay by credit card. Since payment by credit card is such a popular method, and many consumers are aware that they may receive extra protection by paying in this way, any barriers that are put in the way of credit card usage may be major disincentive to electronic commerce.

5.2.8 Privacy

Any internet purchase involves divulging a certain amount of personal information to the retailer - probably more than is required in many face-to-face transactions, particularly if they involve cash. Many consumers are wary of giving out too much personal information, and there are concerns that some internet retailers could exploit customers by gathering non-essential personal information and using it for their own marketing purposes or selling it on to other companies. Indeed this has happened in certain well-publicised cases.

We recorded how much essential and non-essential information the retailer requested.

We also recorded whether the site gave the consumer the chance to opt out of the company's own mailing list if they did not want to receive promotional material, and to prevent their details being passed on to other companies. With worries about the proliferation of junk mail on the internet, these are important considerations.

We also assessed whether the site offered any additional information on their approach to privacy that explained to the consumer exactly what information was collected and what the company intended to do with it.

FINDINGS

Most sites demanded certain specific pieces of personal information as compulsory (see Table 5.9 and 5.10).

Some sites had a tick-box to click on, to avoid the retailer putting the purchaser on its mailing list, and a few had a second box to prevent them passing shoppers' details on to third parties (see Table 5.11). If the company had a stated policy of not passing on personal information to third parties, we count this as if it had a third-party tick-box.

Overall, only 21% of sites provided any additional information on their policy towards personal information provided by customers. Such information can be reassuring to consumers who are worried about junk mail and abuse of their personal details. Lack of any

Table 5.9: Personal information demanded by web traders, overall

Personal information	Demanded by
	%
Title	11
Name	97
Address	90 (not necessarily essential when downloading software)
Billing address if different from delivery address	63
E-mail address	89
Phone number	72
Payment card number	69
Gender	4
Marital status	1
Age	4
Occupation	2
Income	0

Table 5.10: Information collected that was not essential to the transaction

Details collected	Aust-ralia	Belgium	Can	France	Ger-many	Greece	Hong Kong	Japan	Nor	Spain	Sweden	Switz-erland	UK	USA
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Title	10	0	0	0	25	0	29	0	0	0	0	17	35	2
Gender	0	17	0	0	25	0	0	14	0	0	0	0	0	4
Marital	0	17	0	0	0	0	0	0	0	0	0	0	0	0
Age	0	17	0	0	38	0	0	14	0	0	0	0	0	2
Occupation	0	0	0	0	0	20	0	14	0	0	0	0	0	2
Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0

privacy policy can therefore be a big disincentive to purchase.

Some sites had no mention of privacy issues at all, so the consumer had no idea how that company would treat their personal information.

RECOMMENDATIONS

- All sites should have a privacy policy which is easy to understand and clearly signposted
- Compulsory data collection should be limited to information that is necessary and reasonable for the transaction
- The consumer must be told why information is being collected and how it will be used

- Consent to passing of data to third parties should be actively sought from the consumer, rather than being a negative default
- The consumer must have the right to refuse further communication from the company or associated companies, and must be clearly told how to exercise that right
- There should be a named individual within the company responsible for data protection, and consumers should be informed of this
- Consumers must have the right to review and correct any information held about them.

5.2.9 Information on use of 'cookies'

We looked for any information on the retailers' use of cookies. (A cookie placed

Table 5.11: Tick-box to allow consumer to refuse future mailings

Sites based in	From retailer's own list	From third parties
	%	%
Overall	17	14
Australia	0	0
Belgium	0	0
Canada	20	60
France	0	0
Germany	38	0
Greece	0	0
Hong Kong	0	29
Japan	0	0
Norway	17	17
Spain	17	0
Sweden	25	0
Switzerland	0	0
UK	26	17
USA	25	23

on an internet-user's computer enables a company to 'remember' information about choices he or she makes when visiting its site; a cookie can save the user re-entering information each time, and can let the company track what sites and pages he or she visits). This is a controversial area, and opinions vary on the use of cookies, but as a minimum the consumer should be aware that cookies are being placed.

FINDINGS

Overall only 16% of sites provided information on their use of cookies (see Table 5.12).

RECOMMENDATION

- Sites should have a clear policy regarding their use of cookies, and inform consumers that they can set their web browser to alert them that a cookie is being received. Sites should tell consumers what will happen if they reject cookies.

5.2.10 Information on returns

Given that the consumer shopping over the internet is buying without having seen the goods, all sites should provide a specific policy on returning goods, so that customers know exactly what their rights are if they should be dissatisfied in any way. Ideally, information on how to return goods should be easy to find (we defined 'easy' as one click away from

Table 5.12: Information on web site on use of cookies

Sites based in	Information on cookies
	%
Overall	16
Australia	10
Belgium	0
Canada	20
France	0
Germany	13
Greece	0
Hong Kong	0
Japan	0
Norway	0
Spain	17
Sweden	13
Switzerland	0
UK	18
USA	30

home page). We also recorded whether any guidance on returns was included in the package when the goods were delivered.

FINDINGS

Around half gave information about the site's policy on returning goods, and in around half of those sites it was easy to find – an equally important point (see Table 5.13).

Table 5.13: Information given on web site about returns policy

Sites based in	Returns policy information available	Easy to find (as a percentage of sites where returns information was provided)
	%	%
Overall	53	54
Australia	60	100
Belgium	50	100
Canada	100	60
France	50	67
Germany	63	80
Greece	25	0
Hong Kong	29	100
Japan	14	100
Norway	17	100
Spain	33	100
Sweden	75	83
Switzerland	0	0
UK	52	83
USA	70	77

Sites based in Canada, Sweden and the USA seem to perform best in terms of providing information on their returns policy.

More than a quarter of sites (28%) made no returns information available to the customer, either on the web site or sent with the goods (see also paragraph 5.4.1).

RECOMMENDATION

- All sites should have a clear policy on returning goods which is clearly signposted before goods are ordered. Information on how to return goods should be displayed on the site, and included with the goods when delivered. The policy should include information about any costs to be incurred by the consumer.

5.2.11 Information on complaints

Information about what to do when something goes wrong (such as late or non-delivery of goods) is essential in order to build confidence when the consumer is buying at a distance. We recorded whether the site offered an easy-to-find complaints procedure.

FINDINGS

Overall, only 32% of sites used provided information about how to complain if something went wrong (Table 5.14). Given

Table 5.14: Easy-to-find complaints procedure provided on the site

Sites based in	Easy-to-find complaints procedure
	%
Overall	32
Australia	20
Belgium	50
Canada	20
France	43
Germany	25
Greece	0
Hong Kong	29
Japan	71
Norway	0
Spain	50
Sweden	75
Switzerland	0
UK	22
USA	34

the uncertainty some consumers feel when shopping in this new medium, this is much too low to instil confidence among purchasers.

As with information on returns, sites based in Sweden seem to be the best performers in providing information about complaints, followed by sites based in Japan.

RECOMMENDATIONS

- Sites must include clear information on their complaints procedure, explaining to consumers how to go about making a complaint and who to contact. Sites should outline their policy for dealing with complaints, including any targets for responding to communications.
- Consumers should be provided with information on any dispute-resolution arrangements that exist in case a complaint cannot be resolved satisfactorily by the retailer.

5.2.12 Information on site security

A clear indication that the consumer is buying from a secure site is an essential piece of information which goes some way to allaying fears about internet purchases. The site should also offer additional information about security issues such as an explanation of how the security works and what happens if something goes wrong.

Purchasers recorded whether it was clear to them when making their purchase, and in particular when submitting their payment details, that the site was secure. We also recorded whether the site provided any additional information on security issues.

FINDINGS

In 61% of purchases, it was clear to the purchaser that they were buying from a secure site. Overall, fewer than half (44%) of companies provided any additional information on the security of their site. This is an area of great anxiety on the part of consumers who are worried about giving out personal information and in particular banking details on the internet, so this figure is surprisingly low. We found great variations between sites based in different countries (see Table 5.15).

Table 5.15: Security information provided on the site

Sites based in	Clear that site was secure	Additional security information given
	%	%
Overall	61	44
Australia	80	13
Belgium	50	40
Canada	80	80
France	100	71
Germany	0	25
Greece	33	33
Hong Kong	86	14
Japan	0	0
Norway	0	0
Spain	83	17
Sweden	38	38
Switzerland	0	0
UK	77	61
USA	80	67

RECOMMENDATION

- Sites should offer information about security issues. This information should be accurate and easy to understand. It should be clear to the consumer at the time when they are giving any personal information whether they are in a secure environment. Consumers should also be provided with information about their legal rights and liability for any losses should a fraudulent transaction occur.

5.3 STAGE 3: Delivery of the goods

We recorded how much time elapsed between placing the order and delivery of the goods. Wherever a company quoted a target for delivery, we measured whether they met this. We assessed the condition of the goods and recorded any defects. The goods should be accompanied by a receipt or invoice (or this should arrive by post at the same time); and a clear explanation of how to return the goods should also be included.

There is a theme running through this section of the survey about lack of information on order progress. Too many companies failed to keep customers informed, providing no information about whether the goods they

wanted were in stock, no confirmation that the order had been successfully received, and no notification that the goods had been despatched. Best practice is to provide information about all of these, plus an online order-tracking system, so that the consumer can check on the progress of his or her order at any stage.

5.3.1 Confirmation of order

Confirmation is important as something the purchaser can print off and keep as a record, and because it gives the opportunity to double-check and be reassured that the order has been successfully received. It is important that companies make it their practice to confirm orders because - as happened in a number of cases in the course of our research (see paragraph 5.3.6) - it can easily appear that all is well at the purchaser's end while in fact the order has not been received by the company.

FINDINGS

Over half the sites we purchased from (64%) provided confirmation of our order (Table 5.16).

RECOMMENDATION

Retailers should improve the information they provide to the consumer at every stage of the order process. This should include:

Table 5.16: Confirmation of order and notification of despatch

Sites based in	Confirmation of order received	Notification of despatch received
	%	%
Overall	64	12
Australia	50	13
Belgium	17	0
Canada	100	25
France	71	0
Germany	0	0
Greece	no data	no data
Hong Kong	86	14
Japan	71	20
Norway	75	0
Spain	no data	no data
Sweden	57	14
Switzerland	67	0
UK	53	0
USA	82	23

- Information on whether the item is in stock (before the order is placed)
- An indication (if the item is not in stock) of when more stock is expected, and a clear explanation of how they will keep the consumer informed
- Confirmation (once the order has been placed) that the order has been successfully received
- Notification that the goods have been despatched and when the consumer should expect them to arrive.

5.3.2 Total amount charged for the goods

The amount the consumer pays should be exactly what was itemised when the order was placed (excluding any minor variations due to exchange rate fluctuations). We recorded any differences.

FINDINGS

In 80% of cases, the amount actually debited (to the customer's credit/bank card or other form of payment) was what they expected - ie the total price quoted when they placed the order. Where the amount charged wasn't exactly what the purchaser was expecting, this was usually due to lack of prior information about delivery charges, or due

to variations in exchange rates. This highlights the need discussed earlier (paragraph 5.2.2) for the total price of the item plus delivery to be clearly shown prior to purchase, and the need for currency converters when buying from abroad.

5.3.3 Stage at which account was debited

Ideally the customer's account should not be debited before the goods are despatched.

FINDINGS

In 71% of cases researchers had to pay for goods before they arrived, and there were a number of cases where payment was debited long before the goods turned up. The worst cases involved money being debited from 43 to 62 days in advance of delivery. In countries where payment on delivery is the norm, these problems obviously did not arise.

On the up side, our American researcher was not billed for chocolates from Switzerland for 75 days after receiving the goods! However such credit was highly unusual.

Sites can allay concerns about advance debiting for their customers. We found one site that guaranteed not to charge the customer before the item was shipped; and a number of sites charged customers on the day that goods were delivered.

Table 5.17: Average number of days between order and delivery

Buyer based in	From site in home country Days taken	From site based abroad Days taken
Overall	11	16
Australia	10	11
Belgium	14	12
Germany	7	24
Greece	no data	no data
Hong Kong	18	11
Japan	4	11
Norway	9	18
Spain	no data	no data
Sweden	13	25
UK	15	23
USA	8	21

5.3.4 How long the goods took to arrive

For all the goods that actually arrived, we recorded how long it was between placing the order and delivery of the goods.

FINDINGS

For the purposes of analysis, we have broken down the results into items bought in the home country and items bought from abroad, on the grounds that the consumer would normally expect goods shipped from abroad to take longer to arrive (although, as the results show, this is not always the case). (See Table 5.17)

Some of these results are affected by certain items taking an exceptionally long time to arrive. If we exclude as atypical from the

overall totals any items that took over a month to arrive (six products in total, most of which took over 60 days and one as long as 71 days, to arrive) the average number of days looks as in Table 5.18.

Particular problems included:

- a hair-drier ordered from sell-free.com (USA) in mid-February did not arrive until the end of April (71 days)
- a dictionary ordered by our researcher in the UK from spree.com (USA) took 60 days to arrive; and when it did turn up, it was the wrong book.

Table 5.18: Average number of days between order and delivery excluding times taking over a month

Buyer based in	From site in home country Days taken	From site based abroad Days taken
Overall	9	12
Australia	10	11
Belgium	14	12
Germany	7	14
Greece	no data	no data
Hong Kong	10	11
Japan	4	11
Norway	9	18
Spain	no data	no data
Sweden	13	13
UK	9	5
USA	8	13

5.3.5 Arrival date within period quoted by company when order placed

We recorded whether companies gave a target time for despatch of goods and for delivery, and whether their goods arrived within these target times.

FINDINGS

Fewer than half (45%) gave a target time for despatch, while 59% gave a target time for delivery. Of those that gave a target time, 54% arrived met the target. However this does not take into account all those companies who failed to provide any sort of target for delivery.

5.3.6 Goods that failed to arrive

FINDINGS

Almost one in ten (9%) of the goods that our researchers believed they had successfully ordered failed to arrive. This percentage excludes results from Spain and Greece where items were ordered too late to be considered. It also excludes orders that we were aware had not been processed for various reasons (eg credit card details not accepted or items out of stock, or site would not ship abroad).

In 10 of the cases of non-arrival, shoppers were not charged for the goods, but in one case money was debited from the customer's account.

In five of the 11 cases, the customer had received an e-mail confirming that the order had been successfully received, making it all the more surprising that the goods never materialised.

The high proportion of failed orders, where the shopper believed he or she had successfully placed an order but for some reason it was not received or processed by the company, emphasises the importance of providing ongoing information on order status, rather than just confirmation of the order, as described above (5.3.1).

Particular problems included:

- **worldwide-hampers.com** (UK) The shopper placed an order. Six weeks later, when nothing had appeared, he chased the order, to be told that the order had 'been returned

to us due to a miswriting'. The goods turned up 10 days later. Meanwhile, the shopper had been charged for the goods only three days after placing the order

- we ordered jeans from **knappateljen.se** (Sweden). The jeans never arrived despite the fact that the money had been charged to the customer's account. Eventually the shopper managed to get a refund
- **whitcoulls.co.nz** (New Zealand) never sent our shopper her dictionary, despite sending confirmation of her order.

RECOMMENDATIONS

- Retailers should display clear target times for despatch and delivery of goods, so that customers know what to expect
- Customers should be informed when goods have been despatched, so that they know to expect their goods shortly and are aware if problems occur with delivery
- Retailers should provide a clear procedure for customers to follow if goods fail to arrive within the specified time, and customers should be clearly informed of their rights if the goods take an unreasonable time to arrive
- Money should not be debited before goods are despatched.

5.3.7 Additional handling charges

FINDINGS

Overall, 12% of purchases incurred additional handling charges on top of the cost of the original order. Some of these additional costs were additional shipping/delivery charges that were not specified when the order was placed (see Sub-section 5.2). In four cases we incurred extra charges as a result of local taxes. However, the amounts involved were small.

5.3.8 Problems with the goods

FINDINGS

There were problems with the goods delivered in 8% of purchases, specifically:

- four problems with goods being damaged on arrival (three books and one computer game)
- two problems with an electrical appliance not being suitable for use in a country with different power supply, with no warnings given on the site (one hair-drier with a fitted plug from a US site did not work in Australia; another from a US site didn't work on Hong Kong voltage)
- two problems with the wrong product being sent (one CD-ROM instead of a book, and one wrong type of chocolates)
- one problem with a case of champagne being left outside in freezing weather.

5.3.9 Receipt included with goods

FINDINGS

Overall only 44% of goods were accompanied by a receipt. A receipt is a key document as proof of purchase if anything should go wrong in the future, and many companies ask for it to be returned when goods are returned, so this figure is very low. Some companies sent a receipt by post some time after goods were received: dixons.co.uk (UK), for example, sent a separate receipt that arrived only after the deadline for returning goods had passed.

5.4 STAGE 4: Returning the goods

Researchers were asked to return all the goods except the chocolates/hamper and the champagne, following the returns procedure included with the goods or on the site itself. If no returns procedure was provided, they rang the retailer to ask how to return the goods. They recorded:

- whether the returns process was easy and convenient
- any additional costs incurred in returning the goods
- any problems obtaining a refund
- how much they were refunded.

5.4.1 Explanation with the goods of how to return them

FINDINGS

Overall, only 24% of people said that the returns policy was included with the goods. This figure is worryingly low, because being able to return goods easily is important to encourage consumer confidence when buying goods unseen. In particular, we were surprised that in the case of our item of clothing (jeans), where you would expect a good returns procedure to be an essential part of the service, only 40% of jeans purchased contained information on how to return them.

As mentioned earlier (5.2.10), we were concerned to find that in 28% of cases, no returns information was available to the customer at all, either on the web site or sent with the goods.

5.4.2 Convenient, easy-to-follow returns procedure

Overall, 62% of researchers answering the question 'was the returns procedure convenient and easy to follow?' said yes (see Table 5.19).

One example of particularly good practice was found by our Hong Kong researcher: landsend.com (USA) allowed the customer to return the goods to a local liaison office, which proved to be a fast and efficient way of returning them.

Table 5.19: Easy-to-follow returns procedure

	%
Australia	83
Belgium	no data
Canada	100
France	no data
Germany	100
Greece	no data
Hong Kong	no data
Japan	100
Norway	no data
Spain	no data
Sweden	50
Switzerland	not applicable (all chocolates)
UK	54
USA	70

5.4.3 Restrictions on returning the goods

In 67% of cases, restrictions on returning goods were specified – mainly to do with the time-frame for return or goods being in perfect condition or unopened. So in most cases we found that it was possible to return goods if the customer had changed his or her mind. However in a small number of cases – mostly with books and computer games – we were told that goods could not be returned unless damaged, broken or malfunctioning.

The time limits for returning goods caused problems for some people buying from abroad, who had to use expensive, fast mail services to get the goods back within the deadline. Time limits are often specified from the day the item is shipped, so if it takes some time to reach the consumer, the time allowed for return can be very limited. Many time limits may be designed for domestic use, so companies need to review this if they want to encourage orders from abroad.

5.4.4 Costs incurred in returning the goods

Sites that paid for return postage were few and far between; in the majority of cases costs were incurred. In some cases, particularly when buying from abroad, high postage costs were incurred in returning the goods.

In a number of cases, shoppers were asked to ring a special phone number to obtain authorisation to return the goods. The cost of this phone call would add to the cost of the return for a customer based in a different country from the site. In addition, some people had to pay to insure goods for return.

In one case we were charged a ‘restocking fee’ of 15% of the game price for returning a computer game. **Outpost.com** (USA) asked for goods to be returned by a ‘traceable’ method such as a courier, making return costs prohibitively high compared with the cost of the item.

In many cases, the return postage, plus any insurance, on top of the original carriage cost, would make it not worthwhile for the consumer to return the goods - a factor to be considered by the consumer when buying goods unseen, and one that could prove a

deterrent to the growth of electronic commerce in certain items.

5.4.5 Problems in obtaining a refund

There was a refund problem with 21% of purchases – usually in the form of a long delay in receiving the money and the need to chase the retailer for it.

5.4.6 How long it took to receive the refund

We recorded the time taken, from the date the goods were returned to the date the purchaser received the refund (see Table 5.20).

Hidden within these national averages are some alarming cases where refunds took a very long time. For example, we waited 100 days to receive a refund for jeans from **cdnheritageco.mb.ca** (Canada; see also 5.2.1); 73 days to receive a refund on RAM from **pcexpress.se** (Sweden); 55 days to receive a refund for a game from **softwarezone.co.uk** (UK); and 50 days to receive a refund on jeans from **netzmarkt.de** (Germany).

The figures in Table 5.20 exclude all those cases where we were still awaiting a refund at the end of the shopping exercise, and indeed at the time of going to press. Particularly bad examples include:

- a teletubby toy from **grannymays.com.au** (Australia); we were still waiting to receive our refund 138 days after returning the goods

Table 5.20: How long it took for refunds to arrive

Sites based in	Average days to refund money
Australia	5
Belgium	10.5
Canada	10
Germany	25
Hong Kong	no data
Norway	no data
Spain	no data
Sweden	33
UK	22
USA	12
France	12

- a hair-drier from **dixons.co.uk** (UK); we were still waiting to receive our refund 128 days after returning the goods
- a hair-drier from **shoppersuniverse.co.uk** (UK); we were still waiting to receive our refund 95 days after returning the goods.

RECOMMENDATIONS

Sites should:

- Provide a policy on returns which makes the process as simple as possible
- Make this policy easily accessible by linking it to the order page and providing information with the goods
- Clarify within the policy what costs (if any) the consumer will incur
- Process requests for refunds quickly and give targets for when consumers will receive their money.

5.5 The shoppers' verdict

At the end of the shopping exercise, all the researchers were asked to give their personal views on the shopping experience, in order to add a subjective flavour to the statistics presented above. Their answers make interesting reading, and include strong remarks about the state of internet shopping at the moment - and how far retailers have to go if consumers are to make it a part of their daily lives.

'Did you enjoy doing the shopping?'

Overall, the researchers found that the drawbacks of internet shopping outweighed its advantages.

Many of the researchers were surprised at how difficult it was to find sites to buy from. The Australian researcher spent almost five days searching for a site abroad from which to buy a hair-drier. Many sites belonging to high-street retailers give company information but do not actually sell goods - a further time-waster for shoppers. One researcher commented that if he had been doing this for his own use rather than for a research project,

he would have given up on many items due to the time and hassle involved in finding sites.

An additional frustration was wasting time placing an order, only to be told at the end of the process that retailer would not deliver abroad. Even when sites were located, and researchers tried to place orders, they encountered problems with sites not accepting orders, or failing to send confirmation so it was unclear whether the order had been placed successfully.

Researchers found these aspects of the shopping frustrating and boring. As a result, many would tend to stick to sites they were familiar with rather than hunting out new ones.

On the positive side, many researchers enjoyed the shopping experience greatly when they found attractive, easy-to-use sites. Some people felt that the pleasure in finding a good site outweighed the other problems.

'How did using electronic commerce meet your expectations?'

Overall, the researchers found the shopping more difficult, and much more time-consuming, than they had expected. This was particularly true among novice shoppers. Many were surprised at how difficult it was to find sites to buy from, and at how complex the ordering process was once a site was located.

'Would you use electronic commerce again for your personal shopping?'

Mixed views here, but with a theme that people would tend to stick to familiar sites where they had experienced good service. Some researchers would (and indeed do) continue to use the internet for shopping, but they stick to a few favourite sites or well-known shops that have good privacy and returns policies and reliable, fast delivery.

Others would not continue to shop online except for specific items (eg CDs and books where they would know exactly what they would be getting) or for a specific reason (eg if the item was unavailable by other means, or if there were significant financial or time savings to be made). Some commented that high

delivery and return postage charges do not make the internet an attractive alternative to normal shops.

‘Would you recommend it to a friend, and what advice would you give them?’

Again, views were mixed, but there were plenty of warnings about price and delivery charges, and about company policy on returning goods. Many commented that they

would advise friends to pay particular attention to delivery charges, returns and redress procedures. For this reason, some would advise them to stick to well-known or recommended sites.

One researcher commented that he would recommend the internet as a way of obtaining information rather than for buying, unless the person had a particular need to shop from home.

Appendix 1

The participants

Australia

Australian Consumers' Association (ACA)

57 Carrington Road
Marrickville NSW 2204
Australia

Tel: +61 29 577 3333

Fax: +61 29 577 3377

E-mail: ausconsumer@choice.com.au

Web site: <http://www.sofcom.au>

Rosanne Bersten and Louise Sylvan

Belgium

Association des

Consommateurs/Verbruikersunie (VU)

Test Achats
13 Rue de Hollande
Hollandstraat
1060 Brussels
Belgium

Tel: +32 2 542 3211

Fax: +32 2 542 3250

Françoise Domont-Naert

Hong Kong

Hong Kong Consumer Council (HKCC)

GPO Box 191
North Point
Hong Kong
China

Tel: +852 2856 3113

Fax: +852 2856 3611

E-mail: cc@consumer.org.hk

Web site: <http://www.consumer.org.hk>

Victor Hung and Thomson Chung

Germany

Arbeitsgemeinschaft der Verbraucherverbände (AgV)

Heilsbachstrasse 20
53123 Bonn
Germany

Tel: +49 228 64 890

Fax: +49 228 644 258

E-mail: mail@agv.de

Web site: <http://www.agv.de>

Dirk Klasen

Greece

E.K.PI.ZO

Consumers Association – The Quality of Life

43-45 Valtetsiou Str
Athens 106 81
Greece

Tel: +30 1 330 0673 +30 1 330 4444

Fax: +30 1 330 0591

E-mail: ekpizo@ath.forthnet.gr

Lena Hatzipetrou

Japan

Consumer Law News Network (CLNN)

Ueda Katsuhiko Law Office
Osaka Bengoshi Building 409
6-7-4 Nishi Temma, Kita-Ku
Osaka 530 - 0047
Japan

Tel: +81 6 362 8177

Fax: +81 6 362 8178

E-mail: uedalaw@skyblue.ocn.ne.jp

Takeshi Muramoto

Norway

Forbrukerrådet

The Consumer Council of Norway
PO Box 8104 Dep
N-0032
Oslo 1
Norway
Tel: +47 67 599 600
Fax: +47 67 583 606
E-mail: Eli.Rekstad@Forbrukerradet.no
Web site: <http://www.forbrukerradet.no>

Bjørn Erik Thon

Spain

Asociación para la Defensa de los Impositores de Bancos y Cajas de Ahorros de España (ADICAE)

C/Pizarro 6-2 Izda
50004 Zaragoza
Spain
Tel: +34 76 212 147
Fax: +34 76 214 467
E-mail: aicar.adicae@adicae.net

Ernesto Martinez and Fernando Hernandez

Sweden

Konsumentverket/KO

National Board for Consumer Policies/The
Consumer Ombudsman
S-118 87 Stockholm
Sweden
Tel: +46 8 429 0500
Fax: +46 8 429 8900
E-mail: konsumentverket@kov.se

Ingela Allenbert and Carina Heinlo

United Kingdom

National Consumer Council (NCC)

20 Grosvenor Gardens
London SW1W 0DH
UK
Tel: +44 171 730 3469
Fax: +44 171 730 0191
E-mail: admin@nccuk.demon.co.uk

Alison Hopkins and Lucy Rhodes

Consumers' Association (CA)

2 Marylebone Road
London NW1 4DF
UK
Tel: +44 171 830 6000
Fax: +44 171 830 6220
E-mail: which@which.net
Web site: <http://www.which.net>

Mark Purdy

United States

American Council on Consumer Interests (ACCI)

240 Stanley Hall
University of Missouri
Columbia, MO 65211
USA
Tel: +1 573 882 3817
Fax: +1 573 884 6571
E-mail: acci@showme.missouri.edu

Robert Mayer

Observer

Bureau Européen des Consommateurs (BEUC)

European Consumers Organisation
Avenue de Tervueren 36 Bte 4
1040 Brussels
Belgium
Tel: +32 2 743 1590
Fax: +32 2 735 7455
E-mail: consumers@beuc.org
Web site: <http://www.beuc.org>

Ursula Pachtl

Appendix 2

Web sites with which orders were placed

Listed below, in country order, are the URLs (addresses) of every web site where an order was placed. In brackets beside each site is the name of the country in which the shopper who placed the order was based. All these addresses should be prefixed by the letters www. - in other words, **www.binglee.com.au** would be the full world wide web address for the first entry on the list.

Australia

binglee.com.au (Australia)
 coles.com.au (Australia)
 coopsubs.com.au (Japan)
 dymocks.com.au (Australia)
 fortecomputers.com.au (Australia)
 grannymays.com.au (Hong Kong)
 ht.com.au (Australia)
 loweaus.com.au (Australia)
 sofcom.com.au (Australia)
 toysonline.com.au (Australia)

Austria

neugebauer.at (Germany)

Belgium

cafe_tasse.be / chocosphere.com (United Kingdom)
 ellitoys.com (Belgium)
 hampers-gifts.com (Belgium)
 shopping-center.com (Belgium)
 shopwithme.com (Belgium)
 proxis.be (Belgium)

Canada

bearst.com/canada (United States)
 cdnheritageco.mb.ca (United States)
 hastore.com (Japan)
 pcbweb.com (United States)
 thebuyersclub.com (United States)

France

cook-fr.com (Belgium)
 euriskoworld.com (Belgium)

jouetreve.tm.fr (Belgium)
 planetcdrom.com (Belgium)
 rouge-blanc.com (Australia, Germany)
 shoppinginternet.com (Belgium)

Germany

bestweb.de (Germany)
 conrad.de (Germany)
 kaufwas.com (Germany)
 neckermann.de (Germany)
 netzmarkt.de (Germany)
 quelle.de (Germany)
 rothschild-chocolates.com (Germany)
 weinsekteckes.com (Germany)

Greece

agora.gr (Greece)
 cyclades.forthnet.gr (Greece)
 oineas.gr (Greece)
 papasotiriou.gr (Greece)

Hong Kong

giordano.com.hk (Hong Kong)
 jovianmall.com (Hong Kong)
 macyscandies.com (Hong Kong)
 nextmedia.com.hk (Hong Kong)
 healthno1.com (Hong Kong)
 webcellar.ozwine.com.hk (Hong Kong)
 wingonet.com (Hong Kong)

Italy

wine.it (United Kingdom)

Japan

big.or.jp (Japan)

jeans-neshi.com (Japan)

joshin.co.jp (Japan)

maruzen.co.jp (Japan)

rakuten.co.jp (Japan)

mesh.ne.jp (Japan)

oboshi.co.jp (Japan)

New Zealand

whitcoulls.co.nz (Australia)

Norway

alfakroken.no (Norway)

aperitif.no (Norway)

bokkilden.no (Norway)

games.no (Norway)

kirkeslett.no (Norway)

olc.no (Norway)

Spain

alcampo.es (Spain)

cdrombyweb.com (Spain)

centrovirtual.com (Spain)

cibercentro.com (Spain)

elcorteingles.es (Spain)

readysoft.es (Spain)

Sweden

akademikbokhandeln.se (Sweden)

fjellkonfekt.se (Norway, Sweden)

gamhouse.se (Sweden)

jula.se (Sweden)

knappateljnen.se (Sweden)

leknet.se (Sweden)

pcexpress.se (Sweden)

Switzerland

chocogramm.ch (Belgium)

chocolate.ch (Norway)

quickbornclothes.com (Belgium)

swiss-chocolate.ch (Hong Kong, Japan, United States)

United Kingdom

amazon.co.uk (Spain)

argos.co.uk (United Kingdom)

bookshop.blackwell.co.uk (Belgium, United Kingdom)

bookshop.co.uk (Norway)

bookstore.co.uk (United States)

digitalriver.com (United States)

dixons.co.uk (United Kingdom)

freemans.com (United Kingdom)

gamescorner.com (Australia)

hailshamcellars.com (United Kingdom)

insight.com (United Kingdom)

imvs.com (Spain)

mkn.co.uk (Australia)

neuhouse.co.uk (Sweden)

simply.co.uk (United Kingdom)

shoppersuniverse.co.uk (Spain, Sweden)

software-warehouse.co.uk (Sweden)

softwarezone.co.uk (United Kingdom)

sweet-seductions.co.uk (United Kingdom)

worldwide-hampers.com (Hong Kong, United States)

United States

1sn.com (Japan, Norway, Sweden)

21stcenturyplaza.com (Australia)

advanceland.com (Germany)

amazon.com (Hong Kong, Sweden)

americities.com / computerpartsusa.com (Norway)

ballbeauty.com (Australia)

beautystore.com (Greece)

books.com (Germany, United States)

bunta.com (Hong Kong)

buydirect.com (Sweden)

chumbo.com (United States)

designersDirect.com (Greece, United Kingdom)

dollpage.com (Germany)

ebworld.com (United Kingdom)

ellensdolls.com (Japan)

etoys.com (United States)

faoschwarz.com (Sweden)

franschocolates.com (United States)

globe-mart.com (Hong Kong)

golden-west-wine.com (Japan)

hardwarestreet.com (Spain)

intercenter.com (United States)

landsend.com (Hong Kong)

maddys-treasure.com (Norway)

mohawkmem.com (Japan)

necxdirect.necx.com (United States)

outpost.com (Australia, Germany)

primenet.com (Australia)

sandawn.com (Hong Kong)

selectvt.com (Germany)

sell-free.com (Germany)

shopping.com (United Kingdom)

softwarebuyline.lycos.com (Norway)

spree.com (United Kingdom)

store.us.levi.com (United States)

virtualvin.com (United States)

winehouse.com (Norway)

yahoo.com/toysid (Greece, United Kingdom)

Appendix 3

Summary Table: Results analysed by country where internet retailer is based

	Australia	Belgium	Canada	France	Germany	Greece	Hong Kong	Japan	Norway	Spain	Sweden	Switzerland	UK	USA	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
SITE ASSESSMENT															
ORDERING PRICE															
Total price clearly stated	70	83	80	67	75	50	100	100	100	33	86	67	3	71	76
Information on additional charges	30	60	0	43	75	75	86	0	33	33	75	17	0	37	40
Help in converting price	0	50	40	57	0	0	0	0	0	0	0	33	26	11	15
Information on exchange rates	0	0	20	29	0	0	0	0	0	0	0	50	9	2	6
STOCK AVAILABILITY															
Clear whether item in stock	10	0	0	0	13	25	14	14	17	0	25	0	3	35	22
If not, clear when would be available	0	0	0	0	0	0	14	17	0	0	17	0	8	7	5
Information on warranty provided	20	50	25	25	25	25	0	57	0	50	17	0	30	16	23
DELIVERY INFORMATION															
Information on target															
time for despatch	50	67	20	29	63	25	29	14	17	67	57	17	65	45	45
Choice of delivery times	20	33	0	0	50	25	0	43	0	50	43	33	13	23	22
Information on delivery															
method/time	70	33	60	43	88	100	29	57	25	83	43	0	7	73	59
Choice of delivery method/times/costs	22	50	20	14	25	0	43	0	0	33	29	33	32	45	31
PAYMENT METHODS															
Credit card	90	83	100	100	25	100	86	57	33	100	50	100	96	98	85
Debit or bank card	40	0	80	0	0	0	0	0	17	0	0	33	35	40	25
Non-internet payment	60	50	40	29	13	25	14	0	33	0	25	0	43	29	29
Cash on delivery	10	17	20	14	75	100	14	71	50	83	75	0	4	11	27
TERMS AND CONDITIONS															
Shown before purchase	40	17	20	43	50	25	0	100	17	50	0	17	17	22	27

	Australia	Belgium	Canada	France	Germany	Greece	Hong Kong	Japan	Norway	Spain	Sweden	Switzerland	UK	USA	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Had to search for them	30	33	20	43	50	25	29	0	50	17	75	0	2	29	29
Not available	30	50	60	14	0	50	71	0	33	33	25	67	52	42	40
T&Cs explained															
what law applied	14	67	0	83	13	0	0	0	0	25	0	100	44	17	23
Mention of cooling-off period	0	0	50	17	25	0	0	0	25	25	67	0	33	35	18
Chance to review details															
before placing order	100	83	60	100	75	100	100	100	67	100	88	67	82	93	89
Clear when final stage reached	80	83	100	67	88	100	100	100	67	100	88	83	100	95	92
Possible to cancel order	40	50	80	40	88	75	0	29	100	33	80	40	41	55	49
RETAILER INFORMATION GIVEN															
Address	60	83	80	57	100	50	71	71	67	50	75	67	83	73	72
Registration number	0	0	0	67	0	50	0	14	17	0	29	0	23	7	12
Phone number for															
queries	80	83	80	57	88	50	86	57	50	100	63	0	96	74	74
Email address	60	100	100	71	100	100	100	57	67	100	88	5	87	86	83
Contact name	0	17	0	29	43	0	0	29	20	0	17	0	15	5	11
PRIVACY: INFORMATION REQUESTED															
Title	10	0	0	0	25	0	29	0	0	0	0	17	35	2	11
Name	100	83	100	86	100	100	100	100	100	100	75	100	100	98	97
Address for delivery	90	83	80	71	100	100	100	100	100	83	75	100	87	93	90
Billing address	30	83	100	29	25	25	100	57	67	100	25	83	78	64	63
Email address	80	100	100	71	63	100	71	100	100	100	75	100	91	93	89
Phone number	50	67	100	14	38	100	100	100	83	100	75	67	61	80	72
Payment card number	60	83	100	71	13	100	86	43	33	83	13	83	87	76	69
Gender	0	17	0	0	25	0	0	14	0	0	0	0	0	4	4
Marital status	0	17	0	0	0	0	0	0	0	0	0	0	0	0	1
Age	0	17	0	0	38	0	0	14	0	0	0	0	0	2	4
Occupation	0	0	0	0	0	25	0	14	0	0	0	0	0	2	2
Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	Australia	Belgium	Canada	France	Germany	Greece	Hong Kong	Japan	Norway	Spain	Sweden	Switzerland	UK	USA	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
OTHER PRIVACY ISSUES															
Tick box for mailing list	0	0	20	0	38	0	0	0	17	17	25	0	26	25	17
Possible to prevent passing															
Information to others	0	0	60	0	0	0	29	0	17	0	0	0	17	23	14
Additional Information															
on privacy	0	50	50	29	14	25	29	0	0	17	0	0	17	35	21
Information on cookies	10	0	20	0	13	0	0	0	0	17	13	0	18	30	16
RETURNS															
Information offered	60	50	100	50	63	25	29	14	17	33	75	0	52	70	53
Easy to find	100	100	60	67	80	0	100	100	100	100	83	0	83	77	54
COMPLAINTS															
Easy to find procedure	20	50	20	43	25	0	29	71	0	50	75	0	22	34	32
SECURITY															
Clear whether buying															
from secure site	80	50	80	100	0	33	86	0	0	83	38	0	77	80	61
Any additional Information	13	40	80	71	25	33	14	0	0	17	38	0	61	67	44
DELIVERY															
AFTER PLACING ORDER															
Email confirmation received	50	17	100	71	0	no	86	71	75	no	57	67	53	82	64
						data				data					
PAYMENT															
Amount as expected	100	100	75	57	0	no	100	100	100	no	40	50	80	88	80
						data				data					
Notification of despatch received	13	0	25	0	0	no	14	20	0	no	14	0	0	23	12
						data				data					
WHEN GOODS ARRIVED															
Within time quoted	29	no	75	50	71	no	43	100	50	no	20	33	47	57	54
		data				data				data					
Handling charges	0	0	25	0	67	no	0	0	0	no	50	25	6	11	12
						data				data					

	Australia	Belgium	Canada	France	Germany	Greece	Hong Kong	Japan	Norway	Spain	Sweden	Switzerland	UK	USA	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Problems with goods	0	20	0	0	0	no data	0	0	0	no data	0	0	17	15	8
WERE FOLLOWING INCLUDED?															
Receipt	71	0	75	29	86	no data	14	50	100	no data	0	17	33	55	44
Invoice	50	80	0	83	33	no data	0	50	no data	no data	100	17	3	33	41
RETURNS/REFUNDS															
Explanation of returns procedure	29	20	25	29	71	no data	0	no data	no data	no data	50	0	28	17	24
RETURNING THE GOODS															
Easy and convenient	83	no data	100	no data	100	no data	0	100	no data	no data	50	no data	54	70	62
Restrictions on returns	50	100	75	100	80	no data	0	50	no data	no data	100	no data	75	78	67
Costs incurred	50	100	75	100	20	no data	0	50	no data	no data	100	no data	77	73	64
Had to give reason	50	0	50	0	0	no data	0	no data	no data	no data	25	no data	54	41	33
Refund received	67	67	75	50	67	no data	0	0	no data	no data	80	no data	77	67	59
HOW MUCH REFUNDED															
Full amount including postage	10	17	0	0	0	no data	0	no data	no data	no data	0	no data	22	0	5
Price of goods excluding postage	30	17	60	29	38	no data	0	no data	no data	no data	25	no data	17	36	22
Still awaiting refund	10	0	0	0	0	no data	0	no data	no data	no data	13	no data	4	2	3

All results given are calculated as a percentage of the total number of answers given for that question, with three exceptions. For 'payment methods', 'availability of terms & conditions' and 'how much refunded', results are calculated as a percentage of total items purchased instead, because in those cases there wasn't a 'no' option for the researcher to tick.

Consumers International
Programme for Developed Economies and Economies in Transition
24 Highbury Crescent
London N5 1RX, UK
Tel: +44 171 226 6663
Fax: +44 171 354 0607
e-mail: prodec@consint.org.uk
Web site: <http://www.consumersinternational.org>



Consumers International

About Consumers International

Founded in 1960, Consumers International (a non-profit organisation registered in The Netherlands as the International Organization of Consumers Unions, registration number S1 49999) is a federation of consumer organisations dedicated to the protection and promotion of consumer interests worldwide through institution building, education, research and lobbying of international decision-making bodies. An independent, non-profit foundation, Consumers International has over 230 members in more than 100 countries.

Regional Offices

Asia and the Pacific, P.O. Box 1045, 10830 Penang, Malaysia
Tel: +60 4 229 1396 Fax: +60 4 228 6506 e-mail: ciroap@pc.jaring.my
Latin America and the Caribbean, Las Hortensias 2371, Providencia, Santiago, Chile
Tel: +56 2 335 1695 Fax: +56 2 231 0773 e-mail: consint@entelchile.net
Africa, Private Bag A6215, Avondale, Harare, Zimbabwe
Tel: +263 4 302 283 Fax: +263 4 303 092 e-mail: roaf@harare.iafrica.com