

Brasoveanu, Iulian Viorel; Brasoveanu, Laura Obreja; Mascu, Simona

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COMPARATIVE ANALYSIS OF THE CONSUMER PROTECTION, CONSIDERING THE GLOBALISATION AND TECHNOLOGICAL CHANGES, WITHIN MEMBER STATES OF THE EUROPEAN UNION

Iulian Viorel Braşoveanu^{1*}, Laura Obreja Braşoveanu² and Simona Maşcu³
¹⁾²⁾³⁾ The Bucharest University of Economic Studies, Romania

Abstract

Recent globalization and technological changes have produced significant changes in consumption patterns, shopping online becoming increasingly more important. Under these conditions, in this article we analyze the most important issues relating to the level and quality of consumer protection in the European Union countries for the period 2008-2012¹. In this article we aimed to analyze the most important issues related to the level and quality of consumer protection in European Union 27 countries in the period 2008-2012. For this scope, we have chosen the most important five consumer indicators, which are the components of the Consumer Conditions Index, which provide information on both the level and the quality of consumer protection: the protection perceived by consumers (feeling protected as a consumer), illicit commercial practices, the product safety, the consumer complaints, and the redress measures.

Initial data were collected from the European Commission for each Member State of the European Union 27, for the last five years, from 2008 to 2012. We have used statistical and econometric methods. For the year 2012, using the selected indicators, we have presented the descriptive statistics in order to observe their characteristics, we have analysed the correlation matrix and we have determined the structure of four clusters, which reveals common features of countries in each cluster. In order to capture the impact of the variables *illegal commercial practices* and *redress measures* on the dependent variable *protection perceived by the consumers*, we have realized panel regressions with cross-section fixed effects, using data for the period 2008-2012. Also for this period, comparative statistical analyzes were performed (average, minimum, maximum, trend) between Member States.

The results reflect the correlations between the analyzed indicators during the period 2008-2012, and a comprehensive scan of how these indicators developed in territorial profile within European Union 27, recently one of the most significant markets in terms of globalization and technological change.

Keywords: consumer protection, consumer complaints, redress measures, illicit commercial practices, product safety

JEL Classification: D18, D10

* Corresponding author, **Braşoveanu Viorel Iulian** – viorel_brasoveanu@yahoo.com

¹ Croatia was not included in our analysis, considering that it became a EU member in July 1st 2013 and the available data for this country is only for 2012 and for a part of the indicators.

Introduction

It is generally known and accepted that the society in which we live in is a society based on consumption. At European level, consumption represents more than 55 % of European Union (EU) Gross Domestic Product (GDP). For this reason, the consumers in all EU countries would be regarded as a real power of the economy. The proper functioning of the internal consumption market in Europe is conditioned by the development and the implementation of an active policy of consumer protection in all Member States (Dinu, 2006).

The European Union is one of the most representative market for the globalization process (economic, financial and cultural). Trade within the EU Member States is a successful example of globalization, although it implies many debates, both at micro and macro level (Velentzas, Broni and Pitoska, 2012). According to Westjohn, Singh and Magnusson (2012) collective identities, both national and global, are closely related to responsiveness and positioning of the *consumer culture at the local and / or global level*. Zamil and Algharabat (2013) argue that global consumer responsiveness has a positive relationship with cultural openness and cultural adoption, starting from the definition formulated by Nijssen and Douglas (2008) of a person with horizons and openness to globalization, which is characterized by the interest for openness to, and adoption of products and ideas from other cultures or world regions and accepting the norms and values of these cultures, without nationalistic bias.

A single market closer to the consumer, including its digital dimension, could be a significant boost to economic growth in Europe. Electronic commerce registers a rapid growth. In 2012, according to the European Commission, about 45% of European consumers have made at least one purchase online. The growth rate of this percentage was 2% compared to 2011, and 5% compared to 2010. Based on these historical developments, it is likely that the proportion of consumers engaging in e-commerce to exceed 50% by 2015, according to the target set in the Digital Agenda for Europe. Also according to European Commission data, the volume of electronic commerce businesses-to-consumer has increased by almost 20% between 2011 and 2012 in the EU, reaching around 270 billion EUR. In EU countries, most of the online shopping (% of population who ordered goods or services over the Internet for private use in the last 12 months) was registered in Sweden (74%), Denmark (73%), the UK (73%), the Netherlands (70%), and Luxembourg (68%). On the other hand, all countries of Eastern and Southern Europe have below-average rates of online purchases. In Romania and Bulgaria these values are the lowest, reaching around 5% and 9%. Considering these statistics, it is anticipated that the countries of Eastern and Southern Europe will be the fastest-growing e-commerce markets in the coming years (European Commission, 2013).

Considering that consumers' decisions stimulate the innovation and economic efficiency, the engine of economic change consists in informed consumers to whom all rights are respected and are protected against fraudulent practices (McAuley, 2008). Also, the issues of consumer rights and consumer welfare are increasingly important, especially in the current economic climate in which the ability to make informed choices represents a real advantage in consumers' daily life. In order to make their purchases with confidence, both in their country and abroad, consumers need easy access to precise information and to professional advice (Dinu et. al. 2010)

The consumption stimulation is very important for the EU in order to exceed the current economic crisis. Informed consumers that can protect their rights are able to take the best decisions, thus increasing their welfare and encouraging competition, innovation and integration of the domestic market. The Europe 2020 Strategy integrated Guideline 6 commits member states to 'improving business and consumer environment' as part of their growth-enhancing reforms (European Commission, 2013). According to the Europe Strategy 2020, the citizens must have the required means to fully participate on the single market; it must be strengthen the citizens' capacity to purchase goods and services across borders, especially online, and their confidence in making such purchases.

The European Consumer Agenda 2012 established a strategic vision which aims to place the consumers at the heart of the single market by strengthening their safety, knowledge building consolidation, enforcement of the law application and ensuring redress measures, and aligning the consumer rights and related policies to economic and social changes. Technological changes and online purchases involve some risk that consumer protection legislation should seek to minimize. The consumer rights and welfare are deeply rooted in the fundamental values of the EU, confirmed by numerous laws governing the consumer protection (covering a wide range of activities, which often are not organized in a similar way, in the Member States). In each of the EU Member States, the regulation authorities of the consumer protection have been given by the government a mandate in order to ensure that the consumer protection is better regulated and more efficiently implemented.

Currently, the EU's role of ensuring the consumer protection increased by adopting a consumption policy which has as purpose to increase of the consumer's confidence in European Union by: enhancing consumer safety (in terms of goods, services and food products, strengthening the regulations and a more efficient market surveillance), improved knowledge (in terms of consumers and business), improving law enforcement and the possibility to obtain redress, without which rights cannot exist in practice. Also in this respect, consumer protection networks play the following roles: adapting the policy to changes in society and the reality of everyday, the consumer law adaptation to the digital era and addressing the problems faced by consumers online (European Commission, 2012).

The consumer protection should ensure that the consumers receive timely information so that they take informed decisions. Only this way, the consumers can protect themselves from the unfair and misleading practices, they may have access to dispute resolution mechanisms in illicit transactions, and may be able to maintain information confidentiality (Rutledge, 2010).

In 2004, the consumer protection regulation (CPC) has outlined a framework for cooperation between national authorities of the EU Member States to cover the gaps identified in the implementation of EU legislation on consumer rights. A joint informatic tool, the exchange of information and mutual investigation assistance for and enforcement are key elements of this framework of cooperation. Since it went into operation from 2007, the network has handled so far over 1400 requests for mutual assistance (Commission Services, 2013).

In terms of safety products, the central objective of food security policy for the European Commission is to ensure a high level of consumers' health and interests protection regarding the food.

In this study, we have analyzed all these aspects of modern consumption in the EU Member States, which is dramatically influenced by globalization process and technological changes. Statistical data is collected from the European Commission for each Member State of the EU 27, for the last five years, 2008-2012. The European Commission itself extracts these data on consumers and retailers from the surveys in the EU, from the data collected by Eurostat and from the information received from Member States and from the European Consumer Centers Network (ECC). The main data sources used in this article are represented by Consumer conditions scoreboard and Eurobarometer surveys. Our analysis, tables and figures are own processing of the authors.

Statistics and analysis are helpful for the policies of the Member States that they plan and evaluate (based on their impact on consumer welfare). These data could be used also by the authorities responsible for consumer protection and targeting areas that require enhanced control priority.

The article is structured as follows: Section 1 presents the most relevant institutional aspects of the consumer protection in Romania; Section 2 contains econometrical analysis of the consumer protection for the period 2008-2012, in the EU27 Member States; Section 3 contains detailed analysis for the EU27, considering the period 2008-2012, regarding the significant aspects of the consumer protection, related with globalization and technological changes' effects. Conclusion Section presents the relevant results obtained from the performed analysis.

1. Institutional aspects of consumer protection in Romania

Consumer protection is an area increasingly well-regulated and well covered in the EU. This is observed also in Romania, the trend of positive development is an obvious one. There are several authorities in this field, covering all the current problems of consumers, most of them generated by the globalization process and technological changes. We mention the governmental authorities: "National Authority for Consumer Protection", „National Association for Consumer Protection and Promotion of Programs and Strategies from Romania”, „Association for Consumer Protection in Romania”, the European Consumer Centre in Romania (European Consumer Centers are also in each of the Member States EU).

A notable initiative is the EU campaign for informing the consumers in Romania, *“It's your right! Take action!”*. The campaign was launched in Romania (RO) on June 5, 2012 and runs throughout the year. Such campaigns have been launched also in other EU member states such as: Bulgaria (BG), on 21st January 2010, Lithuania (LT), on 6th April 2009, Latvia (LV), on 18th March 2009, Estonia (EE) on 3rd November 2008, Cyprus (CY), on 22 October 2007, Malta (MT), on 10th September 2007, Hungary (HU), on 11th October 2007.

During this campaign, there were covered the latest and most important issues affecting consumers in EU Member States. Campaigns are well represented in the media and are liked by the public. In Romania this campaign addresses the following issues, included in table no. 1 (for more details see www.consumatoreuropean.ro).

Table no. 1: EU campaign for informing the consumers in Romania

Cross-border purchases/shopping <i>"Cross-border shopping in UE without problems. Your safe network"</i>	Online trade <i>"Simple and fast, but you know how to protect yourself when you buy online"</i>	Products guarantee <i>"If it is broken, repair it or replace it"</i>
Tourist services packages <i>"Make your holiday a nice story"</i>	Aerial transport <i>"Delays, cancelations, lost luggage"</i>	Communication networks <i>"Communicate more, better and cheaper"</i>
Credit <i>"take credit in responsible way, do not let others to decide in your place"</i>	Products safety <i>"Avoid dangerous products. Rules for you and your family safety"</i>	Unfair commercial practices <i>"The best deal...or not? How can you recognize an unfair practice"</i>

As it can be observed, all the addressed chapters (indicated in the bold letters in table no. 1) are related to globalization, technological change and e-commerce.

Within the campaign there were conducted a number of surveys, and the key question was "Do you know who you are?" The surveys have revealed that a high percentage of Romanian people (about 35 % on average) believe that banks , stores that sell household products or electronics, travel agencies, internet providers and teleshopping companies and phone companies do not respect the rights of the consumers and / or safety standards . The campaign reflects a careful concern for consumer information in all aspects, so that they know their rights and act accordingly. Creating the legal framework is only the first step in the progress of the consumer protection activity (for details on law reform in Romania regarding the consumer protection see Baciu, R. Deac, A, 2010).

"To take advantage of the rights they have, the consumers need to know them, to know where to find more information, and who can support them when they have a problem. The campaign aim is to encourage Romanian consumers to take action and become active in defending their rights".

2. Econometrical analysis for EU countries, based on the Consumer Condition Index

The Consumer conditions Scoreboard shows how the single market works for EU consumers and warns about potential problems. The first part of this Scoreboard analyzes the retail market integration in the EU and examines the extent to which consumers are free to buy from anywhere in the EU, with the same level of confidence and protection. The assessment takes into account the reported transactions between retailers and consumers, as well as confidence, consumer attitudes and experience in addressing both cross-border trade and online. This first part of the Scoreboard contains: law enforcement², product safety, knowledge of consumer protection laws by retailers. The second part of the Scoreboard analyzes the quality conditions for national consumers based on the following aspects:

² trust in authorities regarding the protection of consumer rights, trust in sellers / providers regarding consumer rights, trust in environmental protection statements , misleading or deceptive or fraudulent advertisements / offers

awarding of consumer rights³, mass media, sustainable consumption, consumer organizations and information.

Overall, the Scoreboard presents 35 indicators. The most important 12 indicators generate a composite index that reflects the quality of the consumer environment, called the Consumer Conditions Index. It is determined based on the results of the surveys in conducted in the EU countries (regarding the consumers and the retailers) .

The maximum score for this composite index, of the *Consumer Conditions* is 100. Total index varies in 2012, between 47 (Greece) and 73 points (Finland and the United Kingdom). It shows that, in 2012, the best conditions for consumers (above the EU average) are in the Nordic countries (Finland, Sweden, Denmark), the United Kingdom, Ireland, Be-Ne-Lux states (Belgium, the Netherlands, Luxembourg), German states (Germany, Austria and Portugal. The less good conditions for consumers can be found in most countries of Eastern and Southern States, the lowest values were recorded in Greece, Cyprus, Bulgaria, Czech Republic and Romania.

The abbreviations used for the UE27 member states are: Austria - AT, Belgium - BE, Bulgaria - BG, Cyprus - CY, Czech Republic - CZ, Denmark - DK, Estonia - EE, Finland - FI, France - FR, Germany - DE, Greece - EL, Hungary - HU, Ireland - IE, Italy - IT, Latvia - LV, Lithuania - LT, Luxembourg - LU, Malta - MT, Netherlands - NL, Poland - PL, Portugal - PT, Romania - RO, Slovakia - SK, Slovenia - SI, Spain - ES, Sweden - SE, United Kingdom - UK.

These 12 indicators, equally weighted, are used to compose five composite indicators that reflect the five main aspects of the consumer environment (Table no.2):

1. the protection perceived by consumers⁴(feeling protected as a consumer), measured by the level of consumer confidence (in the public authorities, retailers, consumer protection organizations and existing consumer protection measures), **2. the consumer complaints**, **3. the redress measures**, **4. product safety**; **5. illicit commercial practices**.

We conducted a statistical and econometrical analysis of those 12 composite indicators for the period 2008-2012, in order to capture the correlations among them and to identify certain groups of states with similar features.

Table no. 2: The structure of composite indicators

Indicator
1. The protection perceived by consumers – noted <i>protection</i> - favorable evolution ↗
Percentage of consumers who feel adequately protected by existing measures
Percentage of consumers who trust public authorities to protect their rights
Percentage of consumers who trust sellers/providers to respect their rights as a consumer
Percentage of consumers who trust consumer organisations to protect their rights as a consumer
2. Consumer complaints – noted <i>complaints</i> - favorable evolution ↗
Percentage of consumers who took action when they encountered problems
Percentage of consumers who were satisfied with complaint handling by retailer/provider

³ problems and complaints, redress, consumer awareness of their rights

⁴ This section contains four indicators of 12, so basically it has a share of 33 % in the index. The following four sections contain (each one) two indicators, so they each have the same weight in total of 16.67 %.

Indicator

3. Redress measures - noted *redress* - favorable evolution \uparrow

Percentage of consumers who find it easy to resolve disputes with sellers/providers through ADR

Percentage of consumers who find it easy to resolve disputes with sellers/providers through courts

4. Product safety - noted *safety* - favorable evolution \uparrow

Percentage of consumers who do not think that a significant number of products are unsafe

Percentage of retailers who do not think that a significant number of products are unsafe

5. Illicit commercial practices - noted *practices* - favorable evolution \uparrow

Percentage of consumers who did not come across misleading and deceptive advertisements/offers

Percentage of retailers who do not think that a significant number of products are unsafe

In table no. 3 there are recorded the values of descriptive statistics of the five synthetic indicators:

Table no. 3: Descriptive statistics for the used variables – 2012

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
<i>protection</i>	27	.39	.80	.6141	.11787
<i>practices</i>	27	.27	.57	.4081	.08081
<i>safety</i>	27	.03	.44	.2241	.10839
<i>complaints</i>	27	.58	.84	.7093	.08557
<i>redress</i>	27	.18	.53	.4015	.08484

As it can be seen from the previous table, the *protection* perceived by consumers is between 39% - 80% (the minimum value is recorded in Greece and the maximum value in Luxembourg), with a variation coefficient of 19.2%, illicit commercial *practices* has values between 27% - 57% (with minimum recorded in Italy and maximum in the Czech Republic and Slovakia), with a variation coefficient of 19.8%, product *safety* is between 3% - 44% (the minimum value is recorded in Finland and highest in Romania), with a variation coefficient of 48.37% , the consumer *complaints* has values between 58% - 84% (the minimum value is recorded in Greece and the highest in Sweden), with a variation coefficient of 12.1% and redress *measures* has values between 18% - 53% (the minimum value is recorded in Estonia and maximum in Luxembourg), with a variation coefficient of 21.1%.

It appears that the largest variation is recorded for products safety and the lowest for perceived consumer protection. Considering the descriptive statistics for the variable *safety*, which supports the hypothesis of heterogeneity, we decided to exclude it from the econometric analysis, and some of the issues regarding its evolution are detailed in Section 3.

In table no. 4, there are recorded the values of Pearson correlations between the five indicators. Significant values of the correlation coefficient were obtained for *protection-complaints*, *protection – redress*.

In order to identify the common features within 27 countries of the EU 27, we used K-means clustering method for cluster analysis (using SPSS software) for the values recorded

in 2012. In table no. 5, there are presented the results obtained for clustering using these synthetic indicators, considering the construction of four clusters.

Table no. 4: Correlation Coefficients - Pearson Correlation - 2012

	<i>protection</i>	<i>practices</i>	<i>complaints</i>	<i>redress</i>
<i>protection</i>	1	-.378	.454	.482
<i>practices</i>	-.378	1	-.027	.016
<i>complaints</i>	.454	-.027	1	-.063
<i>redress</i>	.482	.016	-.063	1

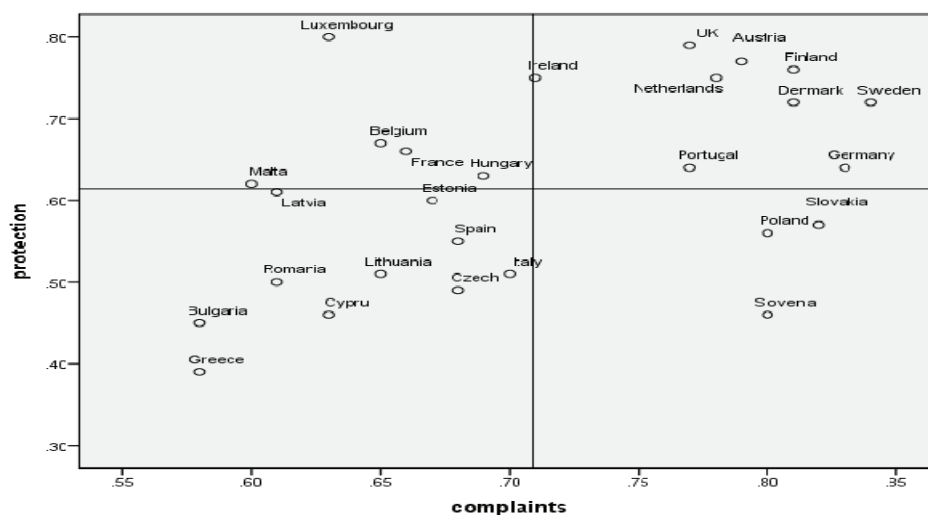
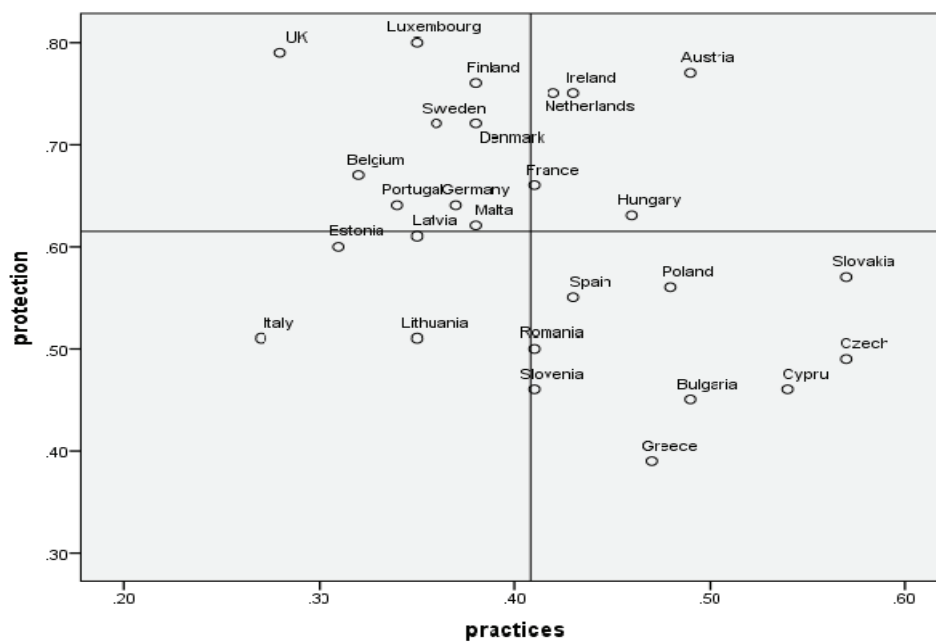
The results which were obtained by clustering of the 27 countries on the value of the sintetic indicators recorded in 2012 show that:

- the first cluster (the Netherlands, Denmark, Finland, Ireland, Austria, the United Kingdom, Germany, Sweden, Luxembourg) is characterized, looking at the central value of the specific indicators, by the maximum values of the indicators: *protection*, *complaints*, *redress*.
- the second cluster (Latvia, France, Malta, Belgium, Hungary, Portugal, Romania) is characterized, looking at the the central value of specific indicators, by the minimum values of the indicator *complaints*.
- the third cluster (the Czech Republic, Spain, Bulgaria, Poland, Cyprus, Slovenia, Greece, Slovakia) is characterized, looking at the central value of indicators, by the minimum values of the indicator related to *protection*.
- the fourth cluster (Italy, Lithuania, Estonia) is characterized, depending on the central value of specific indicators, by the minimum values of the indicators for *practices* and *redress*.

**Table no. 5: Clustering using the indicators:
*protection, practices complaints, redress – 4 clusters***

	Cluster			
Final cluster	1	2	3	4
<i>Protection</i>	.74	.62	.49	.54
<i>Practices</i>	.38	.38	.50	.31
<i>complaints</i>	.77	.66	.70	.67
<i>Redress</i>	.46	.43	.37	.26
Cluster membership	Netherlands, Denmark, Finland, Ireland, Austria, United Kingdom, Germany, Sweden, Luxembourg	Latvia, France, Malta, Belgium, Hungary, Portugal, Romania	Czech Republic, Spain, Bulgaria, Poland, Cyprus, Slovenia, Greece, Slovakia	Italy, Lithuania, Estonia

In order to capture the correlation and to evaluate the situation in which these 27 countries are, we have made three scatter-plot graphs with the sets of variables: *protection-practices*, *protection-complaints* and *protection-redress* (Figure 1). The three quadrants are bounded by two lines representing the average value for each of the two indicators.



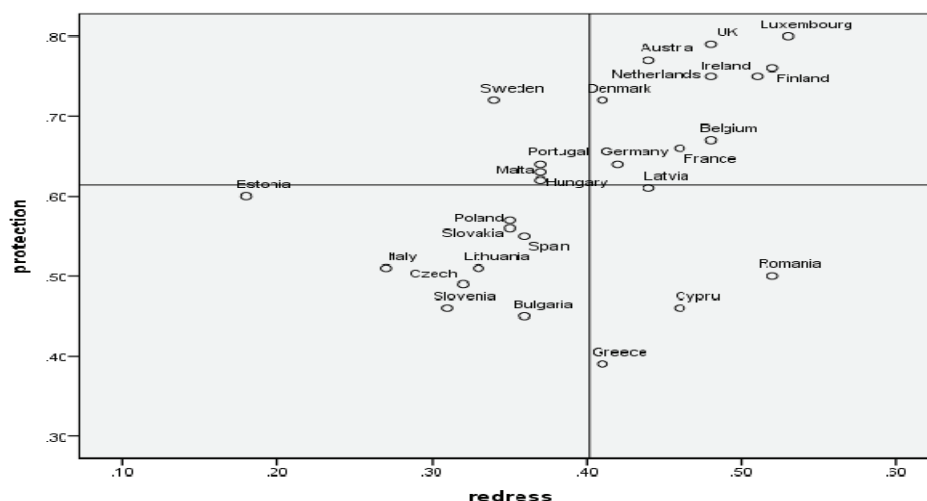


Figure no. 1: Scatter-plot representations for the variables - 2012

By analyzing the chart – *protection-practices*, it is clear that the worst situation is found in countries within frame of protection-practices over-below average: Romania, Slovenia, Spain, Slovakia, Poland, Czech Republic, Bulgaria, Cyprus, and Greece. By analyzing the chart – *protection-complaints*, it is obvious that the worst situation is found in countries with complaints-protection over-below average: Spain, Italy, Czech Republic, Lithuania, Romania, Cyprus, Bulgaria, and Greece. Following the chart – *redress-protection*, it is evident that the worst situation is found in the countries within quadrant protection-measures of below-below average: Estonia, Poland, Slovakia, Spain, Lithuania, Italy, Czech Republic, Slovenia, and Bulgaria. Interesting to note is that in Romania the only variable that has values above the average in the EU27 is related to redress, which places our country on 2nd place, after Luxembourg.

In order to capture the impact of determinant indicators on the consumer protection (variable *protection*), we conducted a regression for panel data. The available database for the period 2008-2012 involved the use of variables as explanatory factors which measure illicit commercial practices (variable *practices*) and redress measures (variable *redress*) – the variable for complaints is only available for 2012. A Panel Least Squares technique was applied, considering fixed effects: no fixed effects, cross-section / time fixed effects, and random effects. Results Likelihood ratio (redundant fixed effects) and Hausman test (correlated random effects) led to the selection of cross-section fixed effects regression – the results are presented in Table 6.

Table no.6: The results of the regression for panel data – consumer protection

Dependent Variable: PROTECTION

Method: Panel Least Squares

Sample: 2008 2012

Periods included: 5

Cross-sections included: 27

Total panel (balanced) observations: 135

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.355403	0.027723	12.81969	0.0000
PRACTICES	0.173562	0.059136	2.934948	0.0041
REDRESS	0.486610	0.057146	8.515184	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.905721	Mean dependent var		0.593778
Adjusted R-squared	0.880817	S.D. dependent var		0.129176
S.E. of regression	0.044595	Akaike info criterion		-3.194588
Sum squared resid	0.210805	Schwarz criterion		-2.570492
Log likelihood	244.6347	Hannan-Quinn criter.		-2.940973
F-statistic	36.36864	Durbin-Watson stat		2.089701
Prob(F-statistic)	0.000000			

As it can be seen from table no. 6, for the period 2008-2012, in the case of EU countries, the redress measures, but also the illicit commercial practices are positively correlated with the consumers protection perception. All the coefficients are statistically significant. The determination coefficient of the regression is 90.57%. The increase of the redress measures indicator has a much stronger impact, resulting in a greater increase of the consumers protection perception. In analyzing these results, there also has to be considered the fact that they rely on consumer statements, which do not necessarily reflect the actual incidence of illicit commercial practices. Experience of the illicit practices seems to present a negative correlation only with the percentage of consumers who trust sellers / providers to respect their rights as a consumer. While 65% of consumers who did not come across misleading and deceptive advertisements / offers expresses confidence in sellers / providers, this percentage drops to 54% among those who have experienced this type of advertising. In the case of misleading and deceptive advertisements, the difference is less pronounced (62% versus 56%).

3. EU27 Analysis on Consumer Protection between 2008-2012

In this section we have detailed, using comparative statistical analysis, the most important aspects regarding the indicators for consumer protection, considering the specific conditions of the last few years, with the increase of consumption due to globalization and technological change.

In the figure no. 2, there are represented the most important features for consumer protection perception, using the average value for 2008-2012 period of *percentage of consumers who feel adequately protected by existing measures*. Bulgaria 25%, Greece 27.2%, Lithuania 34.8%, Romania 39% , Slovenia 39.4% have the lowest scores for consumer protection, with values below 40%. EU 27 average is 52.7%, so it is over 50%. The highest percentage for consumer protection is registered in Luxembourg 70%, Finland 71% , Denmark 73% , Austria 73.2% and UK 74.8%.

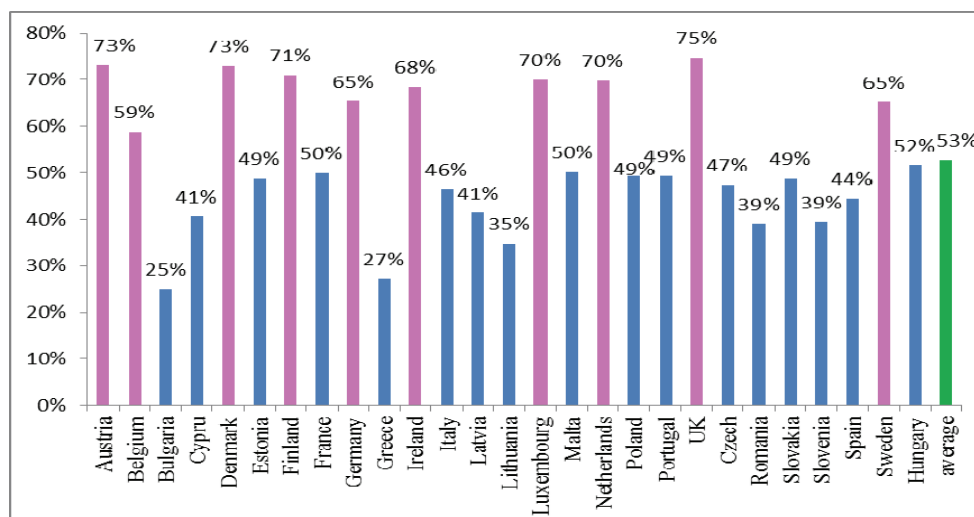


Figure no. 2: Percentage of consumers who feel adequately protected by existing measures

In the period 2008-2012 the overall trend of this indicator is relatively constantly growing for most countries, but there are some notable exceptions: Cyprus has declined from 52% to 29%, Greece from 31% to 18%, Spain from 53% to 42%, Slovenia from 45% to 37%, and Netherlands 74% to 68%. Significant increases were registered in Lithuania (from 25% to 47%), Portugal (from 35% to 53%), Bulgaria (from 13% to 30%), Latvia (from 35% to 51%), France (from 40% to 56%), Romania (from 31% to 45%), Luxembourg (from 60% to 73%), Ireland (from 56% to 68%), Poland (from 45% to 55%).

In table no. 7, there are highlighted certain issues (based on average values for those five years for which data is available) regarding the indicators for national public funding granted to consumer protection organizations and the percentage of consumers who trust consumer organizations regarding the protection of their rights as consumers.

By analyzing the values from table 7, it can be noticed that there are extreme differences regarding the national public funding given to consumer protection organizations, and it is more interesting as there are average values, from 1 euro per 1,000 inhabitants in Bulgaria and Latvia, at 2059 euro per 1000 inhabitants in Luxembourg. Romania has allocated a very small amount of 3 Euros per 1,000 inhabitants, which shows the chronic need for funding and the importance of public policies in this area that should obtain a higher role in the prioritization of national policies. Lithuania is the fourth country that allocates less than 10 euro / 1,000 inhabitants. On the other hand, there are only five states that spends more than 200 euro per 1,000 inhabitants for consumer protection organizations. EU27 average is 194 euro / 1,000 inhabitants, situated between the average values for Finland and respectively Austria. If there are eliminated the extreme values (1, respectively 2059), the average of the other 24 states becomes 132 euro / 1,000 inhabitants. So we can say with certainty that most states spend far less than the EU average.

Table no. 7: National public funding granted to consumer protection organizations and the percentage of consumers who trust consumer organizations regarding the protection of their rights as consumers

Country	(A)	Rank (A)	(B)	Rank (B)	Country	(A)	Rank (A)	(B)	Rank (B)
Austria	234	5	78.6%	4	Luxembourg	2059	1	75.4%	7
Belgium	160	8	72.2%	10	Malta	16	18	67.6%	12
Bulgaria	1	26	37.0%	27	Netherlands	28	17	82.2%	1
Cyprus	148	9	54.2%	21	Poland	11	21	57.0%	20
Denmark	413	3	81.0%	2	Portugal	10	23	65.0%	15
Estonia	38	16	59.4%	19	UK	399	4	78.6%	5
Finland	186	6	74.6%	9	Czech	57	15	60.2%	18
France	71	13	80.4%	3	Romania	3	25	45.6%	26
Germany	827	2	75.0%	8	Slovakia	16	18	51.4%	24
Greece	11	22	54.2%	21	Slovenia	177	7	54.2%	21
Ireland	12	20	77.4%	6	Spain	79	11	66.2%	13
Italy	66	14	63.2%	16	Sweden	124	10	72.0%	11
Latvia	1	26	61.6%	17	Hungary	79	11	65.6%	14
Lithuania	7	24	49.8%	25	average	194		65.2%	

Note: National public funding granted to consumer protection organizations (in EUR per 1 000 inhabitants, average 2008-2012) (A) and the percentage of consumers who trust consumer organizations regarding the protection of their rights as consumers (B) - average 2008-2012

Regarding the percentage of consumers who trust consumer organizations regarding the protection of their consumers rights, presented in figure no. 3, it can be noticed that although Bulgaria, Latvia, Romania and Lithuania have extremely low values for the financing of protection organizations consumers, they do work quite well in these states, evidence for this being the high percentages of consumers who trust these organizations. Bulgaria, Romania and Lithuania are the only states with the percentage below 50%. Surprisingly, in Latvia the percentage is of 61.6%. EU27 average evenly divides the sample, in the case of this indicator (13 countries are below this average and 14 above). Maximum of trust is recorded in the Netherlands (82.2%), followed by Denmark and respectively France, each exceeding the 80% threshold.

The trend of those percentages is in an upward evolution for the period 2008-2012 in most EU countries (except for Denmark, where there was a small decrease from 82%-80% and Germany where the 2012 is the same as in 2008, 75%). At this time the most significant increases were registered in Bulgaria from 21% to 54%, Portugal from 46% to 78%, Romania from 33% to 55%, Ireland from 65% to 86%, Lithuania from 42% to 59%, Italy from 51% to 68%. The highest value for the confidence level, 90%, was registered in the Netherlands, in 2012.

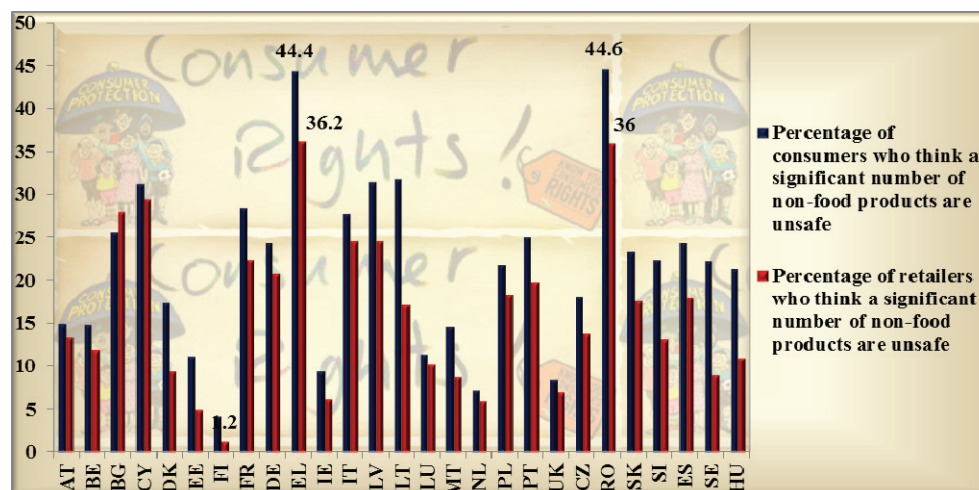


Figure no. 3: Percentage of consumers / retailers who think a significant number of non-food products are unsafe

Regarding the percentage of consumers, respectively of traders who believe that a significant number of non-food products is unsafe, it can be observed that this percentage is below 50%, both for consumers and for retailers, so the perception is a favorable one. As expected, the consumer protection perception is higher than traders perception in all EU countries. The highest values are recorded in Romania and Greece, both for consumers (44.6% and 44.4%) and traders (36% and 36.2%). The lowest values are recorded in Finland (4.2% for consumers and 1.2% for traders), Netherlands (7.2% for consumers and 6% for traders) and Great Britain (8.4% consumers and 7% for traders). The general trend, increasing, for the period 2008-2012, however, is unfavorable, often even these values are significant higher. The only decrease for the case of consumers is registered in Estonia (from 11% to 9%). This protection perception has decreased also for the traders (from 10% to 5%), but Estonia is not the only case, there are other countries with the same trend (BE, DE, EE, IT, LV, NL, CZ, SK, HU).

Regarding the percentage of retailers whose products were checked, i.e. recalled or withdrawn from the market, presented in figure no. 4 and 5, there can be made the following comments: surprisingly, given the low budget allocated by Romania to the consumer protection, the percentage of retailers whose products were checked by authority is the highest in our country. The only state where the percentage is more than 50% is Cyprus (52.4%), followed by Belgium with 49.6%. At the opposite pole is Finland, with the lowest percentage (22.6%). The percentage of retailers whose products have been recalled or withdrawn from the market by the authorities is the highest in France (26%), Belgium (24.6%) and the Netherlands (19.6%). Considering both indicators (creating a ratio) it is obtained the degree of effectiveness of these controls (results shown in the chart below) in terms of increasing consumer safety, and it could be observed that Finland is ranked the first (69.9%), France (53.1%) and Belgium (49.6%). Romania has a rather low degree of efficiency, but still over 20%, ahead of Latvia, Spain and Bulgaria (the last two with a value less than 20%).

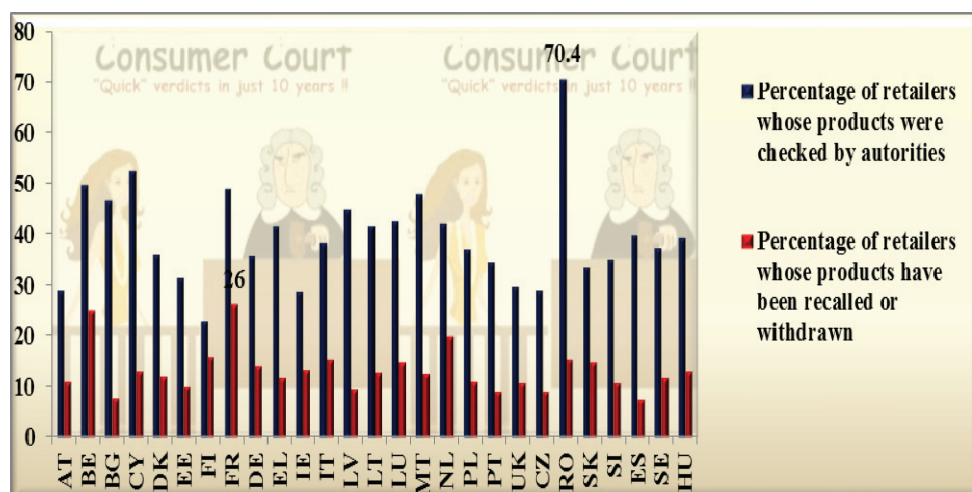


Figure no.4: Percentage of retailers whose products were checked by authorities or have been recalled or withdrawn

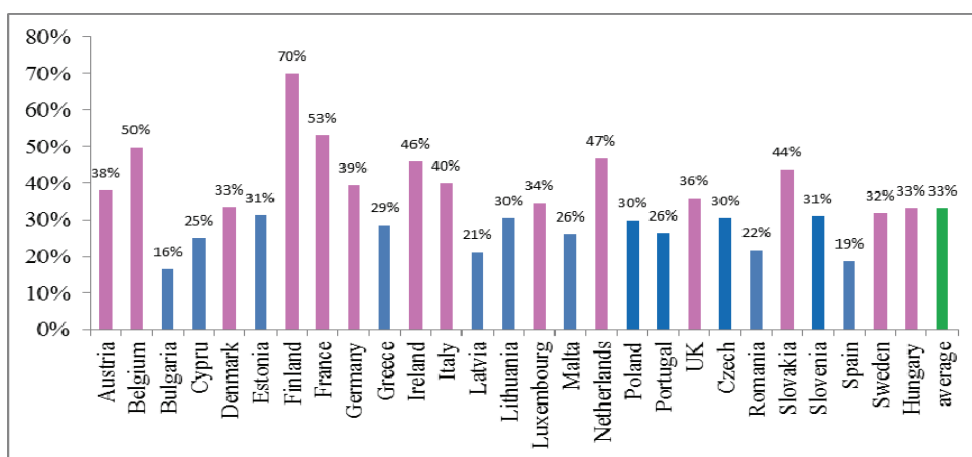


Figure no. 5: (Percentage of retailers whose products were checked by authorities) / (Percentage of retailers whose products have been recalled or withdrawn)

As figure no. 6 reveals, there has been registered a very high percentage of satisfied consumers in resolving complaints by traders. The EU 27 average is 62.75%, and, excepting Malta (36%) and Spain (48%), all the other states have values of over 50%. There are 8 states where these values are greater than or equal to 70% (the Nordic countries (FI, SE, DK), German States (DE, AT), as well as SI, SK and PL). Romania, Bulgaria and Greece are among the states with the lowest values of this indicator, 55%, 55% and 51%.

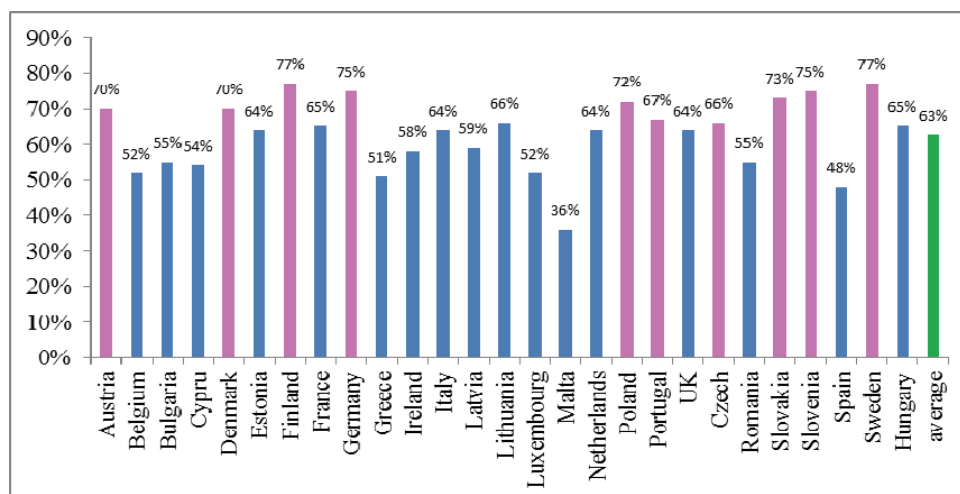


Figure nr. 6: Percentage of consumers who were satisfied with complaint handling by retailer/provider

Conclusions

In this article we have analyzed the most important aspects of consumer protection in EU27 countries for the period 2008-2012. We have used five composite indicators - the perceived consumer protection, the consumer complaints, the redress measures, product safety and illicit commercial practices.

Descriptive statistics of these five indicators showed a great variation for the *safety* variable, which is the reason for excluding it from the econometric analysis.

The cluster analysis, realized for the values recorded in 2012, of the four composite indicators generates the following clusters: Cluster 1 – the Netherlands, Luxembourg, Austria, Germany, Denmark, Finland, Sweden, the United Kingdom, and Ireland - this cluster is characterized, according to the central value of specific indicators, by the maximum values of the indicators *protection*, *complaints*, *redress*; Cluster 2 - Latvia, France, Malta, Belgium, Hungary, Portugal, Romania - this cluster is characterized, considering the central value of specific indicators, by the minimum indicator *complaints*; Cluster 3 - Czech Republic, Spain, Bulgaria, Poland, Cyprus, Slovenia, Greece, Slovakia - this cluster is characterized, considering the central value of specific indicators, by the minimum *protection* indicator; Cluster 4 - Italy, Lithuania, Estonia - this cluster is characterized, considering the central value of specific indicators, by the minimum values of the indicators practice measures.

The results of the regression for panel data, conducted in order to identify the explanatory variables for the perception perceived by consumers, reveal the following: illicit commercial practices (with a significant coefficient 0.1735) and redress action (with a significant coefficient 0.4866) have positive impact.

The average values of the national public funding granted to consumer protection organizations reflects extreme differences. Romania has allocated a very small amount,

which shows the chronic need for funding and that the importance of public policies should obtain a higher place in the prioritization of national policies.

Regarding the average percentage of consumers who trust consumer organizations regarding the protection of their rights as consumers, it appears that in Romania, despite its extremely low values related to finance consumer organizations, however they are effective.

During the period 2008-2012, the evolution of the analyzed variables is most favorable for the consumers' protection. As exceptions, with negative development, we mentioned Greece and Cyprus, that were dramatically affected by economic and financial crisis. As a positive development, we noticed Romania, Bulgaria, Portugal, countries whose indicators have improved substantially.

Regarding the correlations between the evolution of these indicators in certain areas of the EU27, we can observe that there are similar quantitative and qualitative developments in certain territories with common socio-economic characteristics: the Nordic countries (DK, FI, SE), Member Be -Ne Lux (BE, NL, LU), the Balkan countries (RO, BG, EL), the Baltic States (EE, LT, LV), German States (DE, AT), Iberic Members (ES, PT).

Finally, we believe that the research conducted in this paper deserves to be extended through a more detailed analysis, performed according to the specific structure of the indicators (by age, sex, level of education, employment, internet connection).

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