

Setting the scene: Consumers at the centre of the digital and green transitions

ISSUES NOTE

This provides background information for discussion at the OECD Consumer Policy Ministerial Meeting.

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KEY POINTS

Consumers are at the centre of the global economy. Their spending accounts for about 60% of gross domestic product (GDP) in OECD countries on average. They can thus play an important role in the digital and green transitions.

The digital and green transitions have exposed consumers to a range of challenges requiring decisive action. Digital markets create significant and often obscured consumer risks and harms that can undermine consumer choice and trust. Unsafe products are readily available for sale online, and digital technologies in consumer products may pose novel product safety risks. In addition, while many consumers would like to make more sustainable choices, they often face obstacles to doing so.

As these issues transcend borders and policy areas, robust consumer policy and enforcement, supported by policy and empirical research, as well as international and cross-policy co-operation, are essential to protect and empower consumers.

This Ministerial is an unprecedented opportunity to explore how to address, through whole-of-government and multidisciplinary approaches, the risks and opportunities consumers face in digital markets and those for goods and services with environmental impacts. It will also be a key moment to examine how the OECD can best support countries in their responses to the challenges.

THE CHANGING CONSUMER LANDSCAPE

In today's rapidly evolving global economy, consumers are at the centre of two major societal shifts – the digital and green transitions.

With consumer spending accounting for about 60% of GDP in OECD countries on average and 55% globally, they are the largest economic group in the global economy and can thus play an important role in the two transitions.¹

Every day their transactions number in the hundreds of billions. According to one estimate, by 2031 the number of consumers with the financial means to participate in markets beyond basic needs is expected to reach 5 billion, representing a 1 billion increase compared to 2023.² In well-functioning markets, consumers have the power to collectively influence business conduct and the potential to incentivise

businesses to provide safer and more sustainable goods and services.

New digital business models, powered by digital technologies, have enabled hyper-connected consumers with unprecedented access to goods, services and information. Mobile devices, online marketplaces and social media have transformed how consumers discover, evaluate, and purchase products. Enabled by e-commerce, cross-border consumer transactions continue to grow. At the same time, many consumers are concerned about the pace and gravity of climate change, depletion of natural resources, biodiversity loss and pollution, and would like to make more sustainable choices. These may include purchasing more sustainable goods and services, as well as repairing, reusing, repurposing, sharing, leasing, recycling, and sustainably disposing of products or otherwise reducing their environmental footprint.

¹ OECD (2024), Household spending (indicator). doi: 10.1787/b5f46047-en; World Bank (2024), Households and NPISHs final consumption expenditure (% of GDP) <https://data.worldbank.org/indicator/NE.CON.PRVT.ZS>.

² Fengler, W. et al. (2023), "How the world consumer class will grow from 4 billion to 5 billion people by 2031", *Commentary*, <https://www.brookings.edu/articles/how-the-world-consumer-class-will-grow-from-4-billion-to-5-billion-people-by-2031/>



CONSUMER POLICY CHALLENGES IN A TIME OF TRANSITION

The digital and green transitions present several consumer policy challenges. Many digital markets are not functioning in ways that allow consumers to realise their full benefits. Digital business models and technologies create a range of significant consumer risks and harms that can undermine consumer choice, trust and safety and force honest businesses to compete on an uneven playing field. A 2021 OECD survey found that in the year preceding the survey 50% of consumers faced problems in e-commerce, such as unfair or misleading practices and fraud.³ It also showed cross-border purchases can amplify the risks, including more frequent scams and greater difficulties obtaining financial redress. Recent OECD empirical research shows how manipulative online design techniques known as dark patterns are highly prevalent and can significantly exploit consumer decisions, tricking consumers into unwanted purchases and trapping them into subscriptions.⁴ And other risks, such as pervasive privacy-intrusive tracking or algorithmic discrimination, may further be exacerbated by artificial intelligence (AI).⁵

Digital markets are also creating new product safety concerns. Large volumes of unsafe products reach consumers through online channels, often from abroad.⁶ Digital technologies, such as AI, the Internet of Things (IoT) and virtual reality, may aggravate or pose new risks, to both physical and mental health. For example, connected products could fail to properly update, potentially giving rise to new safety and liability issues. Such hazards could compound the already staggering costs of unsafe products to

consumers and economies which, extrapolated from estimates from Australia, the European Union and the United States, may amount to USD 220 billion in OECD countries each year.

Moreover, despite their intentions to go green, many consumers often encounter a number of obstacles preventing them from acting on their preferences.⁷ OECD research indicates these can include misleading or unsubstantiated environmental claims, a lack of clear, accurate and easy-to-understand information about the environmental impacts of products, difficulties in distinguishing more from less sustainable products, as well as the costs and limited availability of sustainable options.⁶ Interlinkages between the digital and green transitions, including in how consumers access information, goods and services, and through the environmental footprint of e-commerce, are also important considerations. Circular business models may furthermore pose new product safety risks, such as insufficient oversight of second-hand or refurbished products.

While all consumers might be vulnerable at times, especially when faced with the complexities of digital markets, certain consumer groups (e.g. defined by age, gender or ethnicity) can be particularly harmed or affected in certain situations. For instance, consumer product design and policies often do not adequately account for gender differences, potentially leading to greater risks for women. Consumer problems can also profoundly impact the livelihoods of low-income consumers, exacerbating cycles of poverty and social exclusion.

³ OECD (2022), "Measuring financial consumer detriment in e-commerce", OECD Digital Economy Papers, No. 326, OECD Publishing, Paris, <https://doi.org/10.1787/4055c40e-en>.

⁴ OECD (forthcoming), *Empirical study on dark commercial patterns*, OECD Publishing, Paris.

⁵ OECD (2023), "Online product safety sweep report", OECD Digital Economy Papers, No. 354, OECD Publishing, Paris, <https://doi:10.1787/c1faa51e-en>.

⁶ OECD (forthcoming), *Empirical study on sustainable consumption*, OECD Publishing, Paris, and OECD (2023), *How Green is Household Behaviour?: Sustainable Choices in a Time of Interlocking Crises*, OECD Studies on Environmental Policy and Household Behaviour, OECD Publishing, Paris, <https://doi.org/10.1787/2bbbb663-en>.

⁷ OECD (forthcoming), "Protecting and empowering consumers in the green transition", OECD Digital Economy Papers, OECD Publishing, Paris.

Consumer opportunities and challenges: key statistics

Setting the scene	USD 900 billion	net financial and monetised time loss from consumer problems in OECD countries in a year, extrapolated from the lower of estimates from Sweden and the United Kingdom (2023)
	60%	average consumer spending as a share of GDP in OECD countries
	70%	consumers who have purchased online in OECD countries (2023)
	USD 1.8 trillion	value of combined third-party sales on top three consumer online marketplaces (2023)
Digital transition	9 in 10	consumers who have encountered a dark pattern on a website or app (2024)
	88%	relative increase in retention of a streaming subscription due to a series of dark patterns in online OECD behavioural experiments (2024)
	USD 22 billion	extrapolated net financial losses incurred by consumers in OECD countries due to their most serious e-commerce problem in a year (2020)
Product safety	44 000	recalls of unsafe products issued from around 50 jurisdictions since 2012
	87%	share of banned or recalled products inspected in an international review of e-commerce websites found to be available for purchase (2021)
	USD 220 billion	cost of unsafe products in OECD countries in a year, extrapolated from estimates in Australia, the European Union and the United States (2023)
Green transition	40–70%	potential reduction in GHG emissions by 2050 from behavioural and lifestyle changes in sectors like housing, mobility and food (2022)
	74%	consumers who consider protecting the environment important (2024)
	40%	websites flagged for potentially misleading green claims in an international review (2020)
International co-operation	40%	online shoppers in the European Union who have purchased from sellers in other countries (2024)
	43%	jurisdictions indicating that a lack of legal powers was frequently a barrier to cross-border consumer protection enforcement co-operation (2017)
Development & inclusivity	75%	projected share of discretionary spending controlled by women in 2028 (2020)
	1 billion	projected additional consumers by 2031 with the means to participate in markets beyond basic needs (2023)

Source: See the OECD Consumer Policy Ministerial meeting website for detailed information: <https://www.oecd-events.org/consumer-policy-ministerial/en/session/513bbae5-4ecd-45e9-8736-548a3dd539c1>



KEY FOCUS AREAS FOR CONSUMER POLICY AT THE OECD CONSUMER POLICY MINISTERIAL

Decisive action is needed to mitigate the risks and capture the opportunities consumers face in digital markets and the markets for goods and services with environmental impacts.

As part of this, robust consumer policy and enforcement play a key role in protecting consumers from harms and empowering them to make informed decisions. Ensuring consumer policy frameworks can effectively address risks, including by strengthening the tools and powers available to enforcers, is therefore important. Policy and empirical research on consumer behaviour, as well as business practices and their effects, can help ensure that consumer policy is evidence-based and effective. The OECD Consumer Policy Ministerial is thus first and foremost an opportunity to explore how consumer policy can best protect and empower consumers in the digital and green transitions.

Moreover, the global and interconnected nature of such issues requires co-operation at various levels. In particular, with global supply chains and increasing cross-border consumer transactions, effective international consumer policy and enforcement co-operation is essential to consumer protection and empowerment, enhances confidence in the safety of products, and builds trust in global markets and trade. Collaboration of all stakeholders, including policy makers, enforcers and their networks, civil society (in particular consumer organisations), businesses and academia, can strengthen the impact of consumer protection and empowerment. In light of the increasing intersections between consumer policy and other policy areas, such as competition, digital,

privacy, environmental, trade and gender policy, whole-of-government, multidisciplinary policy and enforcement approaches, incorporating behavioural insights, can be beneficial. Accordingly, the Ministerial is a key opportunity to explore how to improve co-operation on consumer policy. An important step is the launch of a new OECD Global Forum on Consumer Policy, to be announced at the Ministerial meeting.

The Global Forum on Consumer Policy will serve as an inclusive network to discuss consumer issues, behavioural insights, technology and market trends, as well as emerging policy and empirical research with academics, civil society, businesses, and other experts from other relevant policy areas.

Finally, the Ministerial is also a chance to explore ways for the OECD to support countries in responding to the shared global challenges. These include:

- Significantly enhancing the evidence base and understanding of how digital business models, technologies and practices benefit consumers or exacerbate consumer risks and harms and identifying policies that protect and empower consumers in digital markets.
- Identifying consumer product safety opportunities and challenges, promoting the adaptation of risk assessment methodologies, and supporting the development of robust policies, laws, standards, enforcement tools and other initiatives such as voluntary business commitments (“pledges”) to address the challenges.

- Examining how consumer policy can help those consumers who want to reduce their environmental footprint to do so and continuing empirical work to better understand the factors affecting consumers' marketplace decision-making, in particular their understanding of environmental information and claims and of the environmental impact of their choices.
- Deepening understanding of the intersection of consumer policy and other policy areas to address issues in cross-cutting topics involving consumer protection and empowerment.
- Strengthening dialogue with emerging and developing economies to foster robust and inclusive consumer policies that support sustainable growth and economic development.
- Undertaking work to improve gender-disaggregated data, identify knowledge gaps, and address gender issues in consumer policy.



QUESTIONS FOR DISCUSSION

1

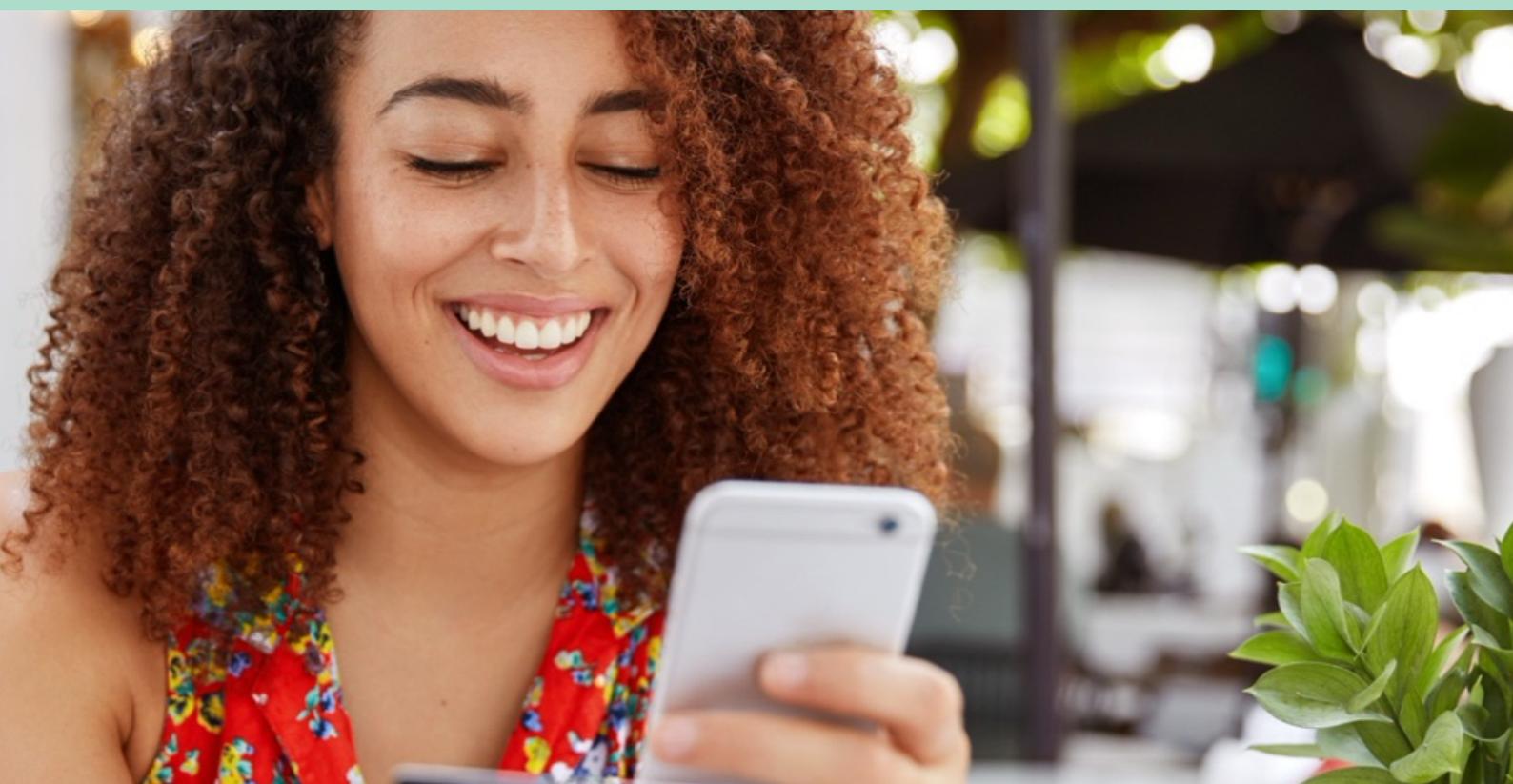
What are the most important consumer issues arising in your jurisdiction, and how do they relate to the themes of the Ministerial?

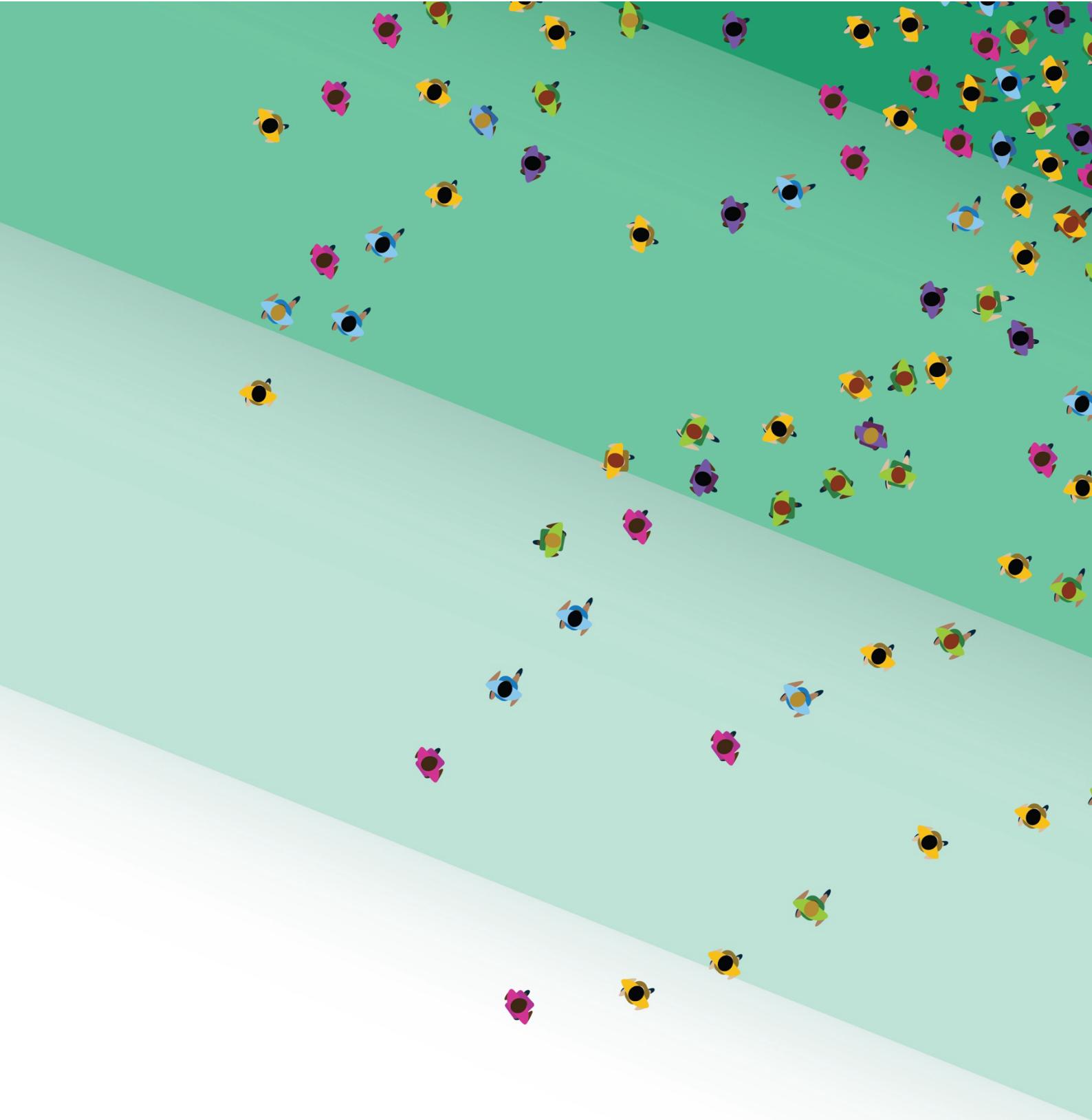
2

How can consumer policy makers and enforcers address these issues? What intersections between consumer policy and other policy areas should be further explored and strengthened, including to develop whole-of-government, multidisciplinary policy and enforcement approaches?

3

Given the global nature of many current consumer policy challenges, what steps could strengthen international co-operation in consumer policy and enforcement? How can the OECD best support enhanced co-operation?





🌐 <https://oe.cd/consumer24>

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