European Commission

Understanding consumer vulnerability
in the EU's key markets

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Who is a vulnerable consumer?

Most consumers can become vulnerable, depending on their circumstances and situation.

For example, the oldest consumers (75+) in the energy sector are less likely than middle-aged ones (35-44) to find it difficult to obtain or assimilate information; they are, however, more likely to report problems when comparing and switching deals and – during behavioural testing – are also less likely to select the best deal, which shows that they are more susceptible to marketing practices.

To obtain more concrete knowledge about the spread and causes of consumer vulnerability, and find means to effectively address this issue through policies, the European Commission has carried out an extensive research project, covering all 28 European Union Member States as well as Norway and Iceland. This study provides a **new definition of consumer vulnerability**, a **methodology for measuring it** and **fresh insights into the actual patterns of consumer vulnerability** in key markets.

What is consumer vulnerability?

One of the key results of this study is a new, evidence-based definition of consumer vulnerability, which takes stock of the various existing definitions and understandings of the concept. This new definition distinguishes five dimensions of consumer vulnerability. A vulnerable consumer could be defined as:

"A consumer, who, as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment:

- Is at higher risk of experiencing negative outcomes in the market;
- Has limited ability to maximise his/her well-being;
- Has difficulty in obtaining or assimilating information;
- Is less able to buy, choose or access suitable products; or
- Is more susceptible to certain marketing practices."

This definition takes into account that consumer vulnerability is situational, meaning that a consumer can be vulnerable in one situation but not in others, and that some consumers may be more vulnerable than others.

When are most consumers vulnerable?

- Consumer vulnerability is most frequent when consumers face complex marketing and are unable to select the best deals. For example, when presented with complex offers representing existing marketing practices in behavioural experiments, 37% of consumers are not able to select the best deal.

Most consumers show signs of vulnerability in at least one dimension, while a third of consumers show signs of vulnerability in multiple dimensions. Less than a fifth of the consumers interviewed show no signs of vulnerability.

- A high share of consumers also experience difficulties buying, choosing and accessing suitable products. More than half of consumers say that they do not compare product deals in the financial sector and the energy sector, and a third of consumers say that they have problems comparing deals in the same sectors.
- In terms of country differences, Germany, the Netherlands and Norway are the countries where consumer vulnerability is less widespread compared to the EU28 average, while the opposite is true for Cyprus, and to a somewhat lesser extent for Croatia and Romania.

What makes consumers vulnerable?

- Having **difficulties choosing and accessing products and services** is the most important driver of consumer vulnerability. Consumers who are not able to read terms and conditions due to small print, who do not know their contract conditions, who rarely compare deals from providers or who rarely read or thoroughly understand communication from their providers, are more likely to be vulnerable in some indicators compared to their peers.

As consumer vulnerability is multi- dimensional, so is the impact of personal characteristics on the likelihood of being vulnerable as a consumer. For example, characteristics like age and gender can increase vulnerability in some indicators, but not in others.

- Both **young and old age** can be drivers of consumer vulnerability depending on the situation. Furthermore, consumers who are **non-native speakers, female, poorly educated** or who **live in low-density regions** are more likely to be vulnerable in some indicators compared to other consumers.

- Consumers in **difficult financial situations** are generally more likely to be vulnerable compared to other consumers. Furthermore, consumers who suffer a **long-term sickness or disability** are more likely to be vulnerable in some indicators, such as having limited capacity to maximise their well-being, compared to other consumers.
- **Not using the internet** overall, and not using the internet to search for information is associated with a higher likelihood of vulnerability in some indicators.
- Consumers who are considered as **credulous, impulsive** or **risk averse** and consumers who have **poor computational skills** or are **less trusting of people** in general are more likely than others to be vulnerable in certain indicators.

How will these findings be used?

The study is particularly relevant for consumer policy, such as the Unfair Commercial Practices Directive, as it brings new evidence to refine the understanding of the key concepts of "average consumer" and "vulnerable consumer".

It is also relevant for sector-specific policies, such as in the energy sector, where it advances a broader definition of consumer vulnerability that goes beyond energy poverty.