

How can digital comparison tools affect consumer decision making?

The Hungarian Competition Authority (GVH) has published its market analysis on digital comparison tools. The analysis contains, a number of relevant findings from a consumer protection perspective, in relation to which the GVH has formulated a series of recommendations.

Comparison websites and applications that enable consumers to compare products and services are also popular in Hungary. Consequently, the GVH considered it important to examine whether consumers can rely on the information provided on such websites and applications and the extent to which the provided information is objective and user-friendly.

The GVH took advantage of the use of a market analysis in the field of consumer protection for the first time. It based its findings and recommendations on several publicly available consumer research studies, the information provided by market participants, reviews of websites and the results of a targeted market research conducted by AC Nielsen Kft.

Prior to making purchasing decisions, consumers gather various amounts of information about the products they are interested in and about possible alternatives, as well as about the purchasing options that are available to them. However, searching for and collecting such information is costly and time consuming. Digital comparison tools, on the other hand, provide consumers with easily accessible information, thereby significantly reducing consumers' search costs. The use of digital comparison tools, in an ideal situation, relieve consumers of the above-mentioned burden and enable them to select those products and sellers that are most suitable for them.

An increasing number and a more diverse range of digital comparison tools are available to consumers. While these tools enhance and support competition and enable consumers to search for the best products, and therefore generally have a positive effect, they also present a number of risks.

Digital comparison tools operating under market conditions may be interested in manipulating the ranking order of products in exchange for possible financial rewards from the suppliers of goods. Comparability can be reduced, for example, if several products are highlighted in return for additional benefits or if the comparison of complex products is only based on one single criterion. Digital comparison tools may even present an offer differing from reality in the absence of detailed information, given the high degree of complexity of products.

At the same time, sellers can also react to the emergence of digital comparison tools by deliberately "clouding" the circumstances in order to make the comparison of their offers on the basis of the price and other criteria more difficult. By doing so, they can increase search costs, weaken price competition and transparency, and thereby counteract the theoretically favourable purposes of digital comparison tools.

In order to maintain consumer confidence, comparison tools need to have a transparent business model.

In its recently published market research analysis, the GVH a) intends to draw attention to the phenomena that prevent consumers from being adequately informed when using comparison tools b) wishes to promote the provision of transparent information to consumers, without which the use of comparison tools may also lead to anti-competitive effects.

The market analysis and the market research conducted by AC Nielsen Kft are available [here](#) (in Hungarian).

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