Executive Summary

2020
Consumer Markets Evaluation Indicators in Korea

Korea Consumer Agency

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Ⅰ. Overview of Consumer Markets Evaluation Indicators

□ **(Purpose of the study)** The purpose of this study is to providing baseline data that can be used for establishment and evaluation in consumer policy and competition policy by producing 4th comprehensive Consumer Markets Evaluation Indicators and 4-2nd Consumer Markets Evaluation Indicators for goods market.

○ **(2020 4-2nd Consumer Markets Evaluation indicators: goods)** Producing 2020 4-2nd Consumer Markets Evaluation Indicators for goods(26 goods market)

○ **(2019~2020 4th comprehensive Consumer Markets Evaluation Indicators)** Producing 2019~2020 4th comprehensive Consumer Markets Evaluation Indicators combing by 2019 4-1st 31 services markets results and 2020 4-2nd 26 goods markets results(total 57 markets)

○ **(Enhancing utilization of Consumer Markets Evaluation Indicators)** To enhance the policy utilization of Consumer Markets Evaluation Indicators, strengthening the linkage of secondary data analysis, such as consumer redress data in Korea Consumer Agency

□ **(Current status of Consumer Markets Evaluation Indicators)** Korea's Consumer Markets Evaluation Indicators which developed by benchmarking Consumer Markets Scoreboard(EU CMS), have produced the 2014 1st wave, 2015 2nd wave, 2017 3rd wave, 2019~2020 4th wave indicators(2019 4-1st services markets, 2020 4-2nd goods markets)

○ Consumer Markets Evaluation Indicators has been revised with improvements in terms of individual index, measurement items, method of applying weight of each item, market selection methods, and producing wave of indicators

Ⅱ. Methodology

1. Survey design

□ In this study, data were collected from an offline survey of consumers over the age of 20 who purchasing and using experiences of products and services for 57 evaluating markets.

〈Table 1〉 Outline of the survey

Category	Description
Populations	· Consumers over the age of 20 who purchasing and using experiences of products and services for 57 evaluating markets · (Services experience period) January 1, 2019 ~ June 30, 2019 · (Goods using period) July 1, 2019 ~ December 31, 2019
Evaluating Markets	· A total of 57 markets(31 services markets, 26 goods markets)
Sample Size	· Total 57,000 samples(1,000 sample for each market)
Sampling error	· ±0.410%p at 95% confidence level
Sampling method	· Proportional distribution sampling(based on gender, age and region proportional to the population)
Data collection method	· 1:1 offline interview through household visits · Using CAPI(Computer Aided Personal Interview)
Survey Period	· Services markets : July 24, 2019 ~ August 31, 2019 · Goods markets : May 29, 2020 ~ June 26, 2020

2. Measurement of evaluation indicators

□ 2019~2020 Korea Consumer Markets Evaluation Indicators are composed with five general evaluation indicators(choice, comparability, trust, expected satisfaction, consumer complaints and damages), which are calculated to Korea Consumer Markets Performance Index(KCMPI) as a main indicators, three independent evaluation indicators(price, safety, switching), and one supplementary indicator for consumer orientation of legislation.

○ Main Indicator

- General evaluation indicators(KCMPI evaluation items): choice, comparability, trust, expected satisfaction, and consumer complaints & damages(total 5 indicators)
- Independent indicators: price, safety, switching(total 3 indicators)

○ Supplementary Indicator

- Consumer-orientation of legislation

〈Table 2〉 2019~2020 calculation of evaluation indicators

Category		Indicators	2019~2020 calculation of evaluation indicators
Korea Consumer Markets Performance Index(KCMPI)			2019~2020 Korea Consumer Markets Performance Index(KCMPI2019~2020) $KCMPI_{2019\sim2020} = \sum_{1}^{5} \alpha_n X_n$ α_n : $weights\ (n=1,2,...,5)$, X_n : $\in dicators (n=1,2,...5)$ Weights: $\alpha_n = \frac{\alpha_{1n} + \alpha_{2n}}{2} (\alpha_{1n} = priority,\ \alpha_{2n} = importance)$ - $KCMPI_{2019services}$, $KCMPI_{2020goods}$ separated production
Main Indicator	General evaluation indicator (KCMPI)	Choice	• Average of 2 measurement items(10 points scale)
		Comparability	• Average of 2 measurement items(10 points scale)
		Trust	• Average of 2 measurement items(10 points scale)
		Expected satisfaction	• Average of 1 measurement item(10 points scale)
			• Average of 1 measurement item(10 points scale) on post purchase satisfaction*
		Consumer complaints and damages	• Calculation of 2 measurement items(Experiencing of consumer complaints and damages(Yes/NO) and overall detriments) - In case of NO experiencing of consumer problems : 10 points - In case of experiencing consumer problems : 10 points - perceived overall detriments

〈Table 2〉 2019~2020 calculation of evaluation indicators(contd.)

Category		Indicators	2019~2020 calculation of evaluation indicators
			• Perceived time & psychological detriment, Consumer complaints channel, Reasons for not to file consumer complaints, The level of consumer satisfaction with consumer complaints*
	Independent evaluation indicator	Price	• Average of 2 measurement items(10 points scale)
			• The need to improve quality by taking price- increase*
		Safety	• Average of 3 measurement items(10 points scale) - Experiencing of consumer safety issue(Yes/No) - Recognition of safety for 2 measurement items(10 points scale)
		Switching	• Switching experience(Yes/No), easy to switching (10 points scale)
			• Switching possibility*
Supplementary Indicator		Consumer orientation of legislation	• Average of 6 measurement items(10 points scale) - Consumer-oriented level in transaction(2 measurement items) - Consumer-oriented level in safety(2 measurement items) - Consumer-oriented level in labelling & advertisement (2 measurement items)

3. Evaluated markets for 2019-2020 Consumer Markets Evaluation Indicators

□ Based on four criteria for selecting the markets to be evaluated (①representativeness, ②continuity, ③appropriateness, ④timeliness), the total number of 57 markets in 16 market areas selected for evaluation, which is covered to 56.95% of 2018 Korea household consumption expenditure.

○ Services(2019) : 31 markets(60.6%)

○ Goods(2020) : 26 markets(39.4.%)

〈Table 3〉 2019~2020 evaluated markets

Market type	Evaluated market	Representative items
2020 Goods (all 26 markets)	Bread, Cakes, Bakery	Bread, cakes, bakery
	Meat	Beef, pork, chicken
	Fishery products	General fish such as mackerel, seafood and crustaceans such as shellfish and shrimp, molluscs such as squid, Dried fish such as anchovies
	Home meal replacement	Porridge and soup, instant·frozen food
	Health functional foods	Health functional foods
	Alcoholic drinks	Beer
	Clothing	Clothing, sportswear
	School uniforms	School uniforms
	Footwear	Running shoes
	Furniture	Bed, sofa, desk, chair, dining table and chair, console, wordrobe, dressing table
	Large household appliances	Refrigerator, kimchi refrigerator, air conditioner, laundry machine, dryer, dishwasher
	Small household appliances	Electric pressure cooker, microwave oven, vacuum cleaner, iron, induction range, coffee maker, electric mixer
	Environmental household appliances	Air purifier, clothes manager, humidifier, dehumidifier
	Household chemical products	Kitchen detergent, laundry detergent, cleaning supplies
	TV	TV
	Non-prescription medicines	OTC medicine

〈Table 3〉 2019~2020 evaluated markets(contd.)

Market type	Evaluated market	Representative items
	Spectacles & lenses	spectacles, contact lenses
	New cars	New cars
	Second hand cars	Second hand cars
	Cosmetics	Cosmetics
	Personal care products	Sanitizer (shampoo, rinse, body wash), sanitary pads, etc.
	Leisure & sporting products	hiking, fishing, sports equipment(home training equipment), etc
	Companion animal products	Pet food, companion animal products(sanitary goods, toys, etc)
	Computer/Tablets	Computer, notebook, tablet PC
	Mobile phone	Mobile phone
	Toys & Educational toys	Toys, Educational toys
2019 Services (all 31 markets)	Dining-out service	Dinning-out service, restaurant
	Laundry service	Clothing repair, laundry
	House repair & interior*	Wallpaper, tile, floor, house facility, maintenance, interior
	Clinic*	Clinic outpatient care service
	Dental clinic*	Dental care service
	Veterinary clinic*	Veterinary clinic service
	Tutorial service for school children*	After-school tutorial service, music, arts, athletes
	Certification and license institutional service*	Certification and license, job training, foreign language
	Internet educational service*	Internet educational service
	Vehicle maintenance and repair service*	Car parts, maintenance & repair service
	Gas service*	Gasoline, diesel, LPG
	Taxi service	Taxi service

〈Table 3〉 2019~2020 evaluated markets(contd.)

Market type	Evaluated market	Representative items
	Airline service	Local & international airline service
	Package moving service	Package Moving service
	Parcel service	Parcel service
	Non-life insurance*	Medical care insurance
	Vehicle Insurance*	Vehicle Insurance
	Credit card*	Credit card
	Gift certificate	Gifticon
	Funeral insurance Service*	Funeral insurance service
	Personal care service*	Hair shop, esthetic shop, body esthetic shop
	Commercial sport service*	Fitness center
	Performance & Theater	Performance, concert
	Holiday accommodations - pension/condominium	Pension/condominium
	Overseas package tour	Overseas package tour service
	Mobile phone service*	Mobile phone service
	Internet provision service*	High-speed internet service
	OTT Service*	Over-the-Top service, online video(music) service
	Postnatal care center	Postnatal care center
	Rental Service*	Bidet, water purifier, massage chair
	Vehicle rental service	Vehicle rental service
	57 markets - Goods : 26 markets - Services : 31 markets	

* Switching evaluated

Ⅲ. Major Findings

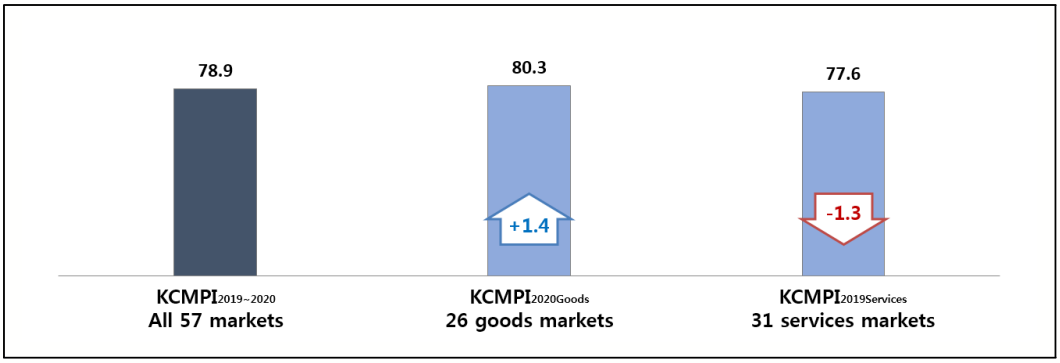
1. 2019~2020 4th Korea Consumer Markets Performance Index

□ The 2019~2020 4th KCMPI for 57 markets(26 goods markets and 31 services markets) was 78.9 out of 100.0 points.

○ The 2020 4-2nd KCMPI for goods markets($KCMPI_{2020Goods}$) was 80.3, which is +1.4 points higher than the overall market average, and the 2019 4-1st KCMPI for services markets($KCMPI_{2020\ Services}$) was 77.6 points lower than the overall average.

【Figure 1】2019~2020 4th Consumer Markets Performance Index Results

Unit : points/100.0 points



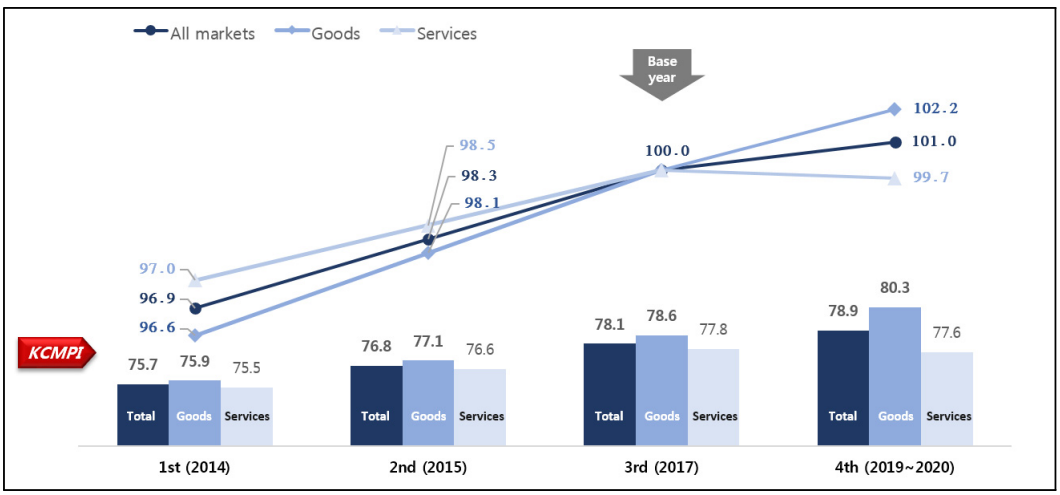
*Arrow figures: difference with total market's KCMPI

□ Consumer Markets Performance Index($KCMPI_{2019~2020}$) for the entire markets and products markets($KCMPI_{2020Goods}$) have been on continuously increase since the first survey in 2014.

○ However, 2019 Consumer Markets Performance Index for services markets($KCMPI_{2019services}$) showed slightly decrease (-0.2 points) compared to 2017.

【Figure 2】Longitudinal comparison of Consumer Markets Performance Index

Unit : point/100.0 points



note : Longitudinal comparison was conducted based on 2017 results as 100.0

2. 2020 4-2nd KCMPI for goods markets

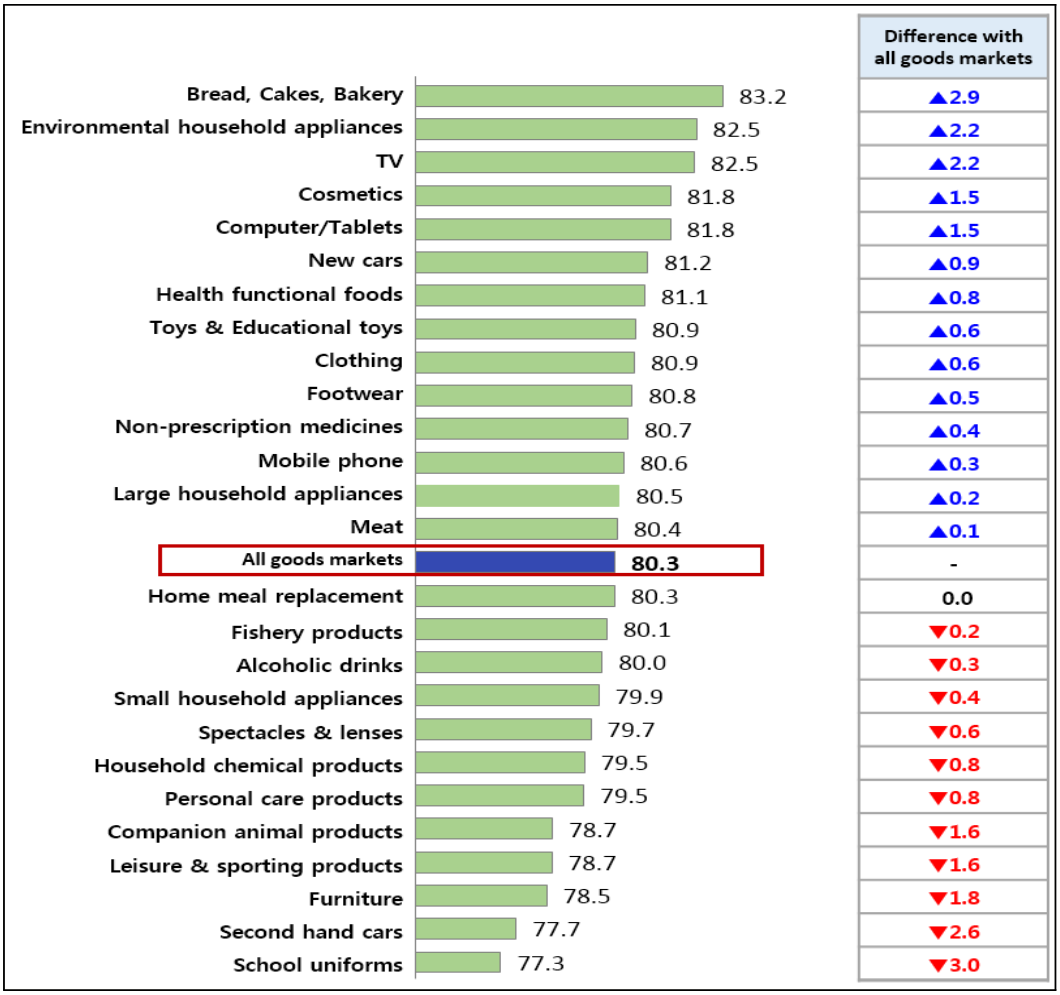
□ According to the Consumer Market Performance Index by 26 goods markets($KCMPI_{2020Goods}$), bread, cakes and bakery market was the highest with 83.2 points, while school uniforms market was the lowest with 77.3 points.

○ The difference between the market with the highest and the lowest KCMPI market was about 5.9 points, showing large variation between the markets.

○ The markets were lowest scores in each evaluation items, which school uniform was in terms of 'choice', 'comparability', 'expected satisfaction' and "price", second hand car was in terms of 'trust', and 'consumer orientation of legislation', leisure and sporting products was in terms of 'price' and 'safety', and personal care products was in terms of 'consumer complaints and damages'

【Figure 3】 $KCMPI_{2020Goods}$ by individual products markets

unit : points/100.0 points



3. Consumer-oriented traffic light analysis results

□ Be based on a result of consumer-oriented traffic light analysis, among all 26 goods markets classified into 5 consumer-oriented warning markets(🔴: total of 19.2%), 16 consumer-oriented insufficient markets(🟡: total of 61.5%), and 5 consumer-oriented sustained markets(🟢: total of 19.2%)

○ Consumer-oriented traffic light analysis shows the relative consumer-orientedness of individual markets, which classifying markets into warning markets, insufficient markets, and sustained markets according to the urgency of improvement in terms of consumer orientation of the market

□ (Consumer-orientation warning market(🔴)) The proportion of consumer-orientation warning markets(🔴) for goods markets was increased by 4.2%p to 19.2% compared to 15.0% in 2017, and five markets classified into warning markets like following: school uniforms, second hand car, furniture, leisure and sporting products, and companion animals products.

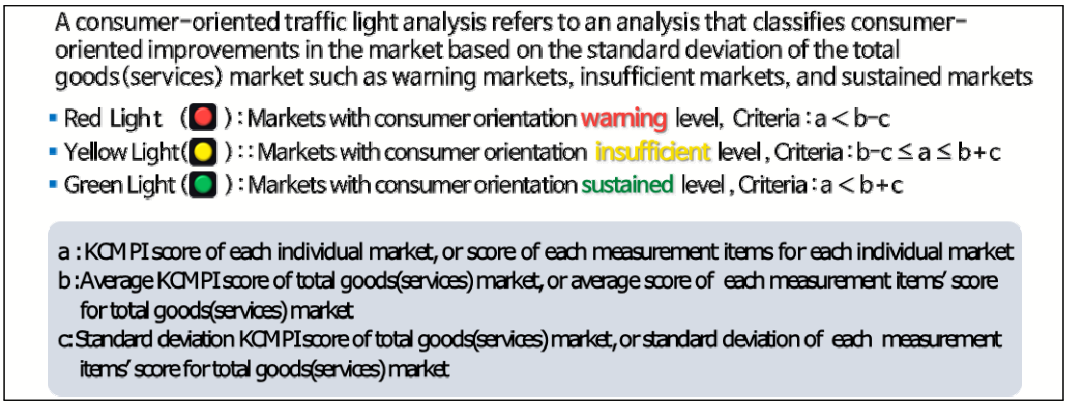
○ The second hand car market is the only product market with KCMPI declined slightly(-0.6 points) compared to 2017

□ (Consumer-orientation sustained market(🟢))The proportion of consumer-orientation sustained market(🟢) for goods markets also was increased by 9.2%p to 19.2% compared to 10.0% in 2017, and

five markets classified into sustained markets like following: bread, cakes and bakery, environmental appliances, TV, cosmetics, and computer/tablets.

○ The goods markets with the largest increase in KCMPI compared to 2017 was the bread, cakes and bakery market, up +5.4 points to 83.2 points, followed by the large home appliance market (+4.2 points) and TV market(+3.0 points), respectively.

【Figure 4】Traffic Light Analysis: 26 goods markets



Markets	KCMPI 2020Goods	Choice	Comparability	Trust	Expected Satisfaction	Consumer complaints & damages
Means(SD)	80.3(1.4)	77.6(2.0)	76.1(1.9)	74.5(1.6)	76(1.5)	99.4(0.4)
Bread, Cakes, Bakery	83.2	80.8	79.2	77.7	78.7	99.6
Meat	80.4	76.6	75.0	73.3	75.8	99.4
Fishery products	80.1	77.2	75.5	73.9	75.9	98.8
Home meal replacement	80.3	78.2	76.5	74.5	75.9	99.4
Health functional foods	81.1	78.7	77.2	75.1	75.7	99.6
Alcoholic drinks	80.0	77.0	75.6	74.3	75.4	99.5
Clothing	80.9	80.0	77.9	75.8	77.2	99.3
School uniforms	77.3	73.3	72.0	71.6	73.1	99.3
Footwear	80.8	80.0	77.4	75.1	77.4	99.7
Furniture	78.5	75.3	74.1	73.1	74.9	98.9
Large household appliances	80.5	77.2	75.7	74.4	75.9	98.7
Small household appliances	79.9	76.4	75.4	74.2	74.9	99.3
Environmental household appliances	82.5	79.7	79.0	76.7	78.4	99.5
Household chemical products	79.5	75.4	74.6	72.9	75.1	99.7
TV	82.5	81.0	79.7	76.8	78.5	99.9
Non-prescription medicines	80.7	77.7	76.1	74.2	75.9	99.3
Spectacles & lenses	79.7	77.1	75.0	74.0	75.9	99.2
New cars	81.2	79.2	77.6	75.4	76.9	99.2
Second hand cars	77.7	74.3	72.8	71.3	73.4	99.1
Cosmetics	81.8	79.8	78.5	76.0	77.2	99.4
Personal care products	79.5	76.5	75.3	73.8	75.4	98.3
Leisure & sporting products	78.7	75.1	73.5	72.2	73.6	99.4
Companion animal products	78.7	74.9	74.4	73.1	74.0	99.8
Computer/Tablets	81.8	79.7	78.1	76.5	77.6	99.3
Mobile phone	80.6	78.0	75.7	74.9	76.1	99.8
Toys & Educational toys	80.9	77.9	77.0	75.0	76.4	99.7

4. Implications

□ In order to enhance the policy utilization of indicators, the 2019~2020 4th Consumer Markets Evaluation Indicators introduced consumer-orientation of legislation indicator and conducts analysis with the secondary data, such as consumer redress data in Korea Consumer Agency.

○ Through this, 5 consumer-orientation warning markets and 4 markets (fishery products, large household appliances, household chemicals products, personal care products) which need to be improved were derived.

□ Further, the foundation for stable and periodic production of Consumer Markets Evaluation Indicators should be established in future research.

○ It is also required to increase the number of samples for individual markets and to conduct further in-depth consumer market study to derive detailed policy measures that require consumer-oriented improvement in individual market.