The Autorité starts inquiries ex officio into the product rating systems sector

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Background

The *Autorité de la concurrence* has decided to start inquiries *ex officio* to analyse the competitive functioning of the product rating systems sector, which aims to provide consumers with information on the sustainability-related characteristics of consumer products and services.

This opinion will assess the role of product rating systems as a parameter of competition, as the information provided by the system is likely to influence purchasing decisions. The *Autorité* will also consider the extent to which the rating systems encourage companies to innovate to create products or services that are more virtuous in terms of sustainability.

In addition, the *Autorité* will examine the operation of the systems, which involve players at various stages of the value chain, and will consider any practices implemented by these players that could have an impact on competition.

Lastly, the *Autorité* will examine the consequences of the multiplication and coexistence of rating systems within the same sector.

The rise of sustainability-related rating systems

Information on the sustainability-related characteristics of the products or services offered to consumers has been on the rise for several years. This information, often provided by rating systems expressed in the form of numbers,

letters or colours, aims to enlighten consumers about the characteristics and composition of products.

The systems rate various factors such as nutritional quality, environmental impact, energy efficiency, and so on. Present in a wide range of sectors (agri-food, cosmetics, textiles, toys, household appliances, interior design and tourist accommodation), the rating systems are developed and distributed by different types of players. For example, some are created by public bodies, while others are offered by consumer associations or independent companies in the sector of the products or services rated. Lastly, some rating systems are the result of individual or collective initiatives by companies in the same markets.

Today, the rating systems are available via popular digital applications, making the information more accessible to consumers. The systems reduce the information asymmetry between manufacturers and consumers, enabling the latter to make informed choices and potentially reduce certain expenses. Information on the sustainability of products and services is also intended to meet the sustainability objectives that are becoming increasingly key for consumers.

Structure and competitive dynamics

In this opinion, the *Autorité* will analyse how the information provided by the rating systems is likely to guide consumer purchasing decisions and thus constitute a parameter of competition. A growing number of consumers are keen to obtain more information on sustainability-related characteristics before or at the time of purchase. The rating systems are therefore destined to play an increasingly important role in the competitive landscape for a large number of consumer goods/services sectors.

The *Autorité* will examine whether the systems encourage companies to innovate to create products or services that are more virtuous in terms of sustainability.

In addition, the *Autorité* will explore the question of relevant markets with a view to providing a market analysis grid. It would appear that several types of players

are involved at various stages of the rating systems value chain.

Lastly, the *Autorité* will strive to understand the consequences for competition of the multiplication and coexistence of rating systems within the same sector.

An analysis of the practices likely to be implemented by the various stakeholders

The *Autorité* will consider how the systems work (type of data used, calculation method, etc.) and how the information is delivered to consumers in the form of a rating.

In addition, the *Autorité* intends to examine the role of the different public and private players involved in developing the systems.

Lastly, the *Autorité* will study how the rating systems are used once they have been set up. Here, the question concerns the effectiveness of the rating systems, which in practice must enable consumers to really differentiate products according to the characteristics assessed.

Contact(s)

Nicola Crawford
Communications Officer
+33155040151
Contact us by e-mail