

Report of the ECCG on monitoring indicators of the consumer movement

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Executive summary

This report summarises the work of the sub-group entrusted with developing performance indicators for the Europe-wide consumer movement. The group was made up of 19 representatives of consumer organisations from across Europe, who were all able to contribute information about their local experience. On the basis of five group meetings, plus field trips to five different countries and desk research, the group concluded that it should recommend a relatively long list of proposed indicators and that it would be inappropriate to order them according to their relative importance. This was not just because of the differences between the way in which consumer matters are organised in the various countries - it was also felt that using only a limited number of indicators might give a biased and unbalanced view of the situation Europe-wide. The group therefore recommends a total of 20 potential indicators, details of which are given in the report. These are grouped under six headings: a general heading and five headings representing the different tasks carried out by actors involved at national level in the consumer movement:

- > Enforcement and redress
- > Information and advice
- > Advocacy
- > Product and services testing
- > Research

Some indicators are qualitative, others purely quantitative. It is intended that they be used not in isolation, but by aggregating the results to construct an objective overview of each national consumer movement.

The group would like to emphasise that these indicators should not be used to rank Member States, nor individual consumer organisations, but as a productive and constructive way of filling out the bigger picture and possibly suggesting development options where necessary.

I. Introduction

The Commission set up a European Consumer Consultative Group (ECCG) sub-group to develop adequate indicators to monitor the consumer environment in EU Member States.

This report presents the conclusions reached by the sub-group and summarises the activities of the sub-group during the duration of the project.

Once adopted by the sub-group, it will be submitted for adoption to the ECCG.

II. Context

Article 169 of the Treaty on the functioning of the European Union (TFEU) recognizes the right to consumers to organise themselves in order to safeguard their interests. Strong consumer organisations at national level in the EU Member States and in the EEA (European Economic Area) countries are therefore needed. Some of the main reasons for strong consumer organisations are listed below:

- An increasing number of E.U. decisions has had an impact in terms of consumer protection at national level. Indeed, many national provisions regarding consumer protection have had to be revised following the adoption of European rules;
- National consumer associations are increasingly being involved in the work of European institutions, both within the framework of the ECCG, or as participants in meetings of experts, or during consultations, or hearings;
- Consumers have the right to be heard in the shaping of all public policies affecting them. The collective voice of consumers is represented by the national consumer organisations;
- The growing imbalance in terms of financial resources between representatives of business and consumer associations in relation to the decision-making process;
- The differences in terms of financial resources between the various national consumer associations has resulted in some being more active and more influential than others in the European decision-making process.

It is therefore essential to have a thorough knowledge of the national consumer movements in general, and the national consumer associations in particular, in order to ensure that they are all able to take part in the European decision-making process and that *in fine* the largest possible number of consumers is heard. Ultimately, it is a question of democratic principles.

To achieve these goals, an ECCG sub-group (Appendix 1 contains the list of members) was set up which aimed at identifying common and objective criteria for the assessment of the national consumer movements. Once these criteria of assessment are determined, it will be easier to identify the Member States where the consumer movement is weaker. By examining the situation in the Member States where the consumer movement is stronger, proposals could be formulated to reinforce and support the consumer movement in countries where it is weaker. As national situations are different and not always comparable, the monitoring of development from one year to the next might be the most important use of this measurement exercise.

The conclusions reached by the sub-group are based on field trips organised in some EU Member States, on desk research (inside and outside the EU), on the sub-group members' national experiences and on the discussions which took place in the meetings.

The sub-group met five times in Brussels:

- first meeting : December 14th, 2009
- second meeting : March 16th, 2010
- third meeting : June 2nd, 2010
- fourth meeting : October 6th, 2010
- fifth meeting : December 15th, 2010

Accounts of the discussions that took place are to be found in chapter V of this report.

Field visits were organised in the following countries, all in 2010:

- February 8th and 9th in Denmark
- March 16th in France
- May 17th and 18th in the United Kingdom
- June 24th and 25th in Portugal
- September 6th and 7th in Slovenia

The reports of the field visits are to be found in chapter VI of this report.

The findings of desk research carried out outside the E.U. are to be found in chapter VII of this report.

III. Indicators

The members of the sub-group came to the conclusion that there should be a relatively long list of recommended monitoring indicators, not only because of the differences between the national movements in the Member States, but also because using only a limited number of indicators was likely to give a biased image of the situation of the consumer movement. So the indicators were not classified in order of importance/relevance and none of them has been excluded.

Members of the sub-group would like to make it clear that the indicators proposed are meant either for monitoring the national consumer movements as a whole (covering the whole range of the various actors) or for focussing on an individual organisation or body.

They would like to stress that the proposed indicators are not aimed at ranking either Member States or consumer associations. Finally, when the results are being analysed, the size of the population and the GDP of the country will be a crucial element for some indicators.

Members of the sub-group agreed on five tasks of the consumer movement which should - ideally - be fulfilled at national level.

Namely,

- > Enforcement and redress
 - > Information and advice
 - > Advocacy
 - > Product and services testing
 - > Research.
-

Based on those tasks, the actors who carry them out at national level were identified. It then emerged that there were important differences between the way in which consumer matters were organised in the various countries. While national consumer associations play a very important role in national consumer

movements, other actors such as ministries, national agencies, ombudsmen, the courts and the media also feature large.

Field visits and sub-group members' national experiences have shown that actors involved in consumer protection vary from one country to another. In some Member States particular tasks to support consumers are carried out by organisations whose activities are restricted to consumer matters, whereas in other Member States those tasks are shared with other bodies, or even carried out by different national or even regional actors.

So there is no one model that fits all. Members of the sub-group therefore deemed it necessary to extend the scope of these indicators to all actors involved in consumer protection matters at national level.

Finally, members suggested using the term 'consumer environment' instead of 'consumer movement' for future discussions, since the former is broader than the latter. Consumer environment would comprise all national actors involved in consumer protection at national level such as ministries, national agencies, ombudsmen, consumer organisations, courts.

The indicators listed below are accompanied by a description of certain methodological difficulties inherent in the selected indicators. Thus, when the measurement of these indicators is carried out, it will be necessary to take account of these biases in order to avoid potential misinterpretation of the results. For some indicators, qualitative elements have also been added.

The participants in the sub-group also made a point of stressing that no indicator taken on its own is capable of giving a global and true picture of the consumer movement at national level. It will only be possible to provide an objective assessment of the national consumer movement by aggregating the outcomes of a range of indicators.

The proposed indicators should complement and further detail the indicators already used in the Consumer Markets Scoreboard¹, namely:

- Percentage of consumers who trust consumer organisations to protect their rights as a consumer;
- Difference between trust in consumer organisations and trust in public authorities;
- National public funding to consumer organisations.

¹ Consumer Markets Scoreboard – Consumers at Home in the Internal Market –SEC(2010)385

To improve the comparability of indicators, definitions contained in the Commission Recommendation of 12.5.2010² on “*the use of a harmonised methodology for classifying and reporting consumer complaints and enquiries*” have been used as far as possible. When using a definition from the Recommendation below, it is referred to as the Commission Recommendation.

List of indicators

The 20 indicators are grouped under six headings, namely a general heading and one heading for each of the five tasks of the consumer movement that were identified.

1) General

Annual reports

The publication of an annual report by consumer movement actors is a yes/no indicator. The indicator will not refer to the content of the report, nor to whether it was accepted or not by the authority for which the report was intended.

Consumer Policy Department & strategy

The existence of a dedicated Ministry in charge of consumer policy is a yes/no indicator, as is the existence of a national consumer policy strategy. The indicator will not refer to the implementation nor the content of the policy strategy.

Membership of consumer associations

In order to measure how many consumers are members of consumer associations, it is necessary to examine the definition of a consumer association at the national level. In accordance with the principle of subsidiarity, it is up to each Member State to define which groupings are recognised as consumer associations. In France, for example, family associations and trade unions are regarded as consumer associations. In Spain, cooperatives of consumers are also recognised as consumer associations. In Slovenia, consumer associations active only at local level are also recognised as consumers' associations. Another factor to be taken into account is the possible co-existence at national level of general associations (dealing with all consumer issues) and single issue associations (e.g. for financial services) such

² Commission Recommendation of 12.5.2010 on “*the use of a harmonised methodology for classifying and reporting consumer complaints and enquiries*”, Brussels, 12.5.2010, C(2010)3021 final

as in Portugal. It would therefore be appropriate to use the specifically local definition of what constitutes a consumer organisation in individual countries.

Membership of a consumer organisation may also be influenced by whether you have to pay or not. In the United Kingdom and Portugal, for example, consumers must pay membership fees to have access to the services of the association - they are subscribers. In some other countries, one can become a member without paying fees and without becoming a subscriber.

Finally, it is worth pointing out that some consumer organisations do not have individual members as they are made up of representatives of consumer associations and play the role of a federation. This is particularly the case in Germany with VZBV.

Degree to which consumer groups are known

Studies measuring the percentage of citizens who know about national consumer associations can be carried out in two different ways. First, one can simply ask people to give the name of one or more consumer associations they know of. Alternatively, one can give people a list of consumer associations and ask them to indicate which they have heard of.

Consumer association budgets

The total budget of all consumer associations active at national level is a valid indicator so long as the size of the population and the GDP of the country are taken into account. As already stated, to use this indicator properly it is necessary to agree on a definition of a consumer association, given the differences which exist at national level.

Dedicated budget for consumer policy

The Consumer Markets Scoreboard already uses the amount of public funding to consumers organisations as an indicator. It is suggested extending it to the total amount spent on consumer protection policy, including public funding of consumer organisations. The ratio between the total budget for consumer policy and the part of this total budget dedicated to funding of consumer associations is also a valid indicator. The size of the population and the GDP of the country will have to be taken into account when analysing the results.

Staff employed by consumer protection bodies

To get an accurate result from this indicator, distinctions should be made between full time and part time staff, paid or volunteer staff, and between different types of staff - policy staff, staff providing advice and information and backroom staff.

Number of persons who have undertaken training on consumer protection

It is essential to distinguish between the various categories of people who have undertaken training in consumer protection. These could be as varied as consumers, members of consumer associations, professionals, judges or journalists. It is, moreover, necessary to identify all those who provide such training (universities, consumer associations, private companies) and the nature and length of the training provided and whether assessment is given. For this indicator to be used properly and meaningfully, it is necessary to agree on a definition of consumer protection training.

2) Enforcement and redress

Number of complaints received

In order to use the number of complaints received by national bodies as an indicator, a precise definition of the concept of a complaint is required. Complaints should not be confused with requests for advice or information.

In this respect, the Commission Recommendation defines a consumer complaint as: "*a statement of dissatisfaction with a specific trader made by a consumer to a complaint handling body, in relation to the promotion, sale or supply of a good or a service, use of a good or a service or after-sales service*".

It is also necessary to define the nature of those bodies collecting consumer complaints. Should the indicator measure only complaints made to consumer groups, or also those made to ECC's, ADR bodies, ministries, business after-sale service..? In this respect, in the Commission Recommendation, consumer complaints bodies are defined as "*Member States' consumer authorities, consumer organisations, regulatory authorities, alternative dispute resolution bodies, complaint boards, independent Ombudsmen set up by government authorities, independent Ombudsmen-type services set up by traders, and industry self-regulatory bodies.*"

Consumer cases brought to justice

In order to measure the number of cases linked to consumer issues which have been brought to court, it should be ensured that such cases relate only to consumer issues. This might be particularly difficult, given the potentially wide interpretation of what a consumer issue entails. To avoid this hurdle, it is proposed to limit the cases to the collective redress cases and/or to the cases in the collective interest.

In addition, a more significant indicator might be the proportion of cases won/lost by consumers through collective redress cases and/or to the cases in the collective interest.

Alternative Disputes Resolution (ADR) bodies

The Commission Recommendation gives the following definition of a complaint handling body : "*any body that is responsible for collecting consumer complaints, or attempting to resolve complaints, or giving advice, or providing information to consumers about complaints or enquiries, that is a third party to a complaint or enquiry by a consumer about a trader; it does not include consumer complaint handling mechanisms operated by traders and dealing with enquiries and complaints directly with the consumer or mechanisms providing complaint handling services operated by or on behalf of a trader*".

The first indicator would be the existence or not of ADR bodies at national level.

In this respect, only the bodies observing the eight principles contained in the two European Commission recommendations³ on ADR bodies should be taken into account.

Other possible indicators linked to ADR are the capacity of those ADR bodies to handle complaints in a proper way, the representation of consumer representatives in the management of those bodies and the enforceability of the decisions taken.

³ Commission recommendation of 30 March 1998 on the principles applicable to the bodies responsible for out-of-court settlement of consumer disputes (98/257/EC) and Commission recommendation of 4 April 2001 on the principles for out-of court bodies involved in the consensual resolution of consumer disputes (2001/310/EC)

3) Information and advice

Information and advice requests

As well as complaints, requests for information received by bodies empowered to provide information or advice can be used as an indicator. Complaints should of course be excluded when measurements are being made for this indicator. All requests for information should be taken without prejudice of the means of contact used by consumers (telephone, e-mail, letters...). A list of bodies to whom requests could be sent should also be agreed on, as for the previous indicator.

In this respect, the Commission Recommendation defines consumer enquiries as requests "*for information or advice, other than a complaint, made by a consumer to a complaint handling body concerning the promotion, sale or supply of a good or a service, use of a good or a service or after-sales service*".

The means of contact available to consumers seeking information or advice is also important. These could be by post, via call centres, by e-mail or by face-to-face meetings. The availability and accessibility of those means - for instance, the opening hours of the service points where consumers can seek information and advice, the average time taken to answer calls - are also elements to be measured. The possibility for consumers to seek advice and assistance through face-to-face meetings should also be taken into account, especially for the most vulnerable consumers who do not always have access to the new communications tools to seek assistance.

Local information points

To use the number of local or regional information points or desks where consumers can seek assistance or information as a valid indicator, it is necessary to take the size of the population, the population density and the geography of the country into account. Whether there are local points or not could possibly be used as a yes/no indicator.

Number of visits to web sites dedicated to consumer protection

Counting hits on web sites dealing with consumer issues would require a register of all the sites offering information to consumers to be compiled. In some countries in Europe this would entail a substantial amount of work, as there are many such sites. To avoid this, counting the hits could be limited to the sites of national consumer associations only.

4) Advocacy

Number of committees where consumers are represented

To obtain a relevant result from this indicator, it will be necessary to investigate whether all the committees where consumers are represented are of equal status, or whether there should be differentiation between

- committees giving binding opinions, and committees giving consultative opinions;
- committees operating at European, national or regional level, and committees acting on local level.

This indicator, however, can assess neither the attendance of consumer representatives at meetings, nor their expertise and real input.

Participation/involvement in the decision making process

To measure this indicator, discussion may be necessary to decide whether all the consultations, hearings, expert groups and consultative committees where consumers took part operate on an equal footing. Should distinctions be made based on the level of power where the consultation or the hearing took place (local, regional, national, European level)? This indicator could also take account of the stage in the decision-making process where the consultation or the hearing took place. Were consumers involved from the very beginning? Were they consulted several times at various stages of the project, or consulted only once at the very end of the decision process? Whether consultation is compulsory or not, binding or not, should also be taken into account.

To make best use of this indicator, it could be interesting to compare to what degree national consumer representatives have been consulted/involved in the implementation in national law of, for example, a directive dealing with consumer issues.

Campaigns launched on consumer protection

The minimum requirements for what constitutes a campaign need to be specified in order to measure the campaigns launched by consumer associations. There would need to be a minimum of actions on the same topic using various means (publications, press releases, lobbying letters...) to qualify as a campaign. This should avoid counting a single press release on a particular topic as a campaign.

Campaigns launched by all actors such as national agencies, ombudsman, consumer associations should be taken into account.

Presence in the media

Publicity in the media can be monitored easily through internet searches of the print media. The search words used should be chosen carefully, especially given the numerous languages used in Europe. Potentially, the selection of media checked could bias the outcomes. Ideally, publicity should be monitored in all media of whatever type (newspapers, TV, radio, Internet...). The monitoring should be selective – avoiding simply measuring a large quantity of reports referring to the same topic, as this might give the false impression that consumer issues or consumer groups are higher on the national agenda than they actually are. To avoid this bias, the number of press quotations should be balanced by the quantity of different topics dealt in those publicity extracts.

5) Testing of goods and services

Comparative tests of goods and services

Simply counting all the comparative tests carried out at national level would be misleading. Indeed, it is not only consumer groups and national authorities that carry out comparative tests, but also newspapers and magazines, business and non-independent organisations.

It is therefore proposed that only those tests carried out by independent consumer associations and national authorities be taken into consideration. It is also suggested that only those test results which have been published or those which were made available to the public be examined. A distinction also needs to be made between tests of goods, and tests of services. Given that the former can be carried out more easily than the latter, tests of goods are more numerous than tests of services.

The point as to whether the results were made public for all, or for consumer group members only is also important. In the same way, whether the results are available on line and whether the results are publicised in the press should also be taken into account.

Another point is the way in the test results are presented. Were the results published in a manner in which the average consumer could understand them? Was advice for consumers included with the results?

The number of consumers receiving these test results is also an indicator which might be taken into account, as well the number of consumers who actually make use of them when selecting goods and services. Such indicators can be measured through the number of subscribers to comparative testing magazines and through market research among subscribers.

Finally, the total budget spent on those tests is also a meaningful indicator.

6) Research

Research centres / studies on consumer protection

The existence of research centres dedicated specifically to research on consumer protection is a yes/no indicator. In some countries which do not have dedicated consumer research centres, universities carry out such research. Consequently, the quantity of research on consumer issues undertaken and the total budget spent seem to be more appropriate indicators.

IV Conclusions and recommendations

Based not only on the national experiences of members and discussions within the sub-group, but also on the findings of the various field trips and on desk research, some common features from national actors (agencies, ombudsmen, consumers associations,) could be identified where the consumer movement is functioning well.

Namely :

- the capacity to take part in and to influence the decision making process ;
- the representativeness (the number of consumers on whose behalf it speaks);
- the capacity to solve disputes faced by consumers;
- the capacity to inform consumers about their rights and to provide them with help and advice;
- presence in the media;
- the degree to which it is known by consumers;

- the capacity to carry out comparative tests and to make the results available to consumers;
- the capacity to campaign in favour of consumers.

These 'common features' are reflected in the indicators described above. It will be obvious from the descriptions given for the indicators that further decisions will have to be made as to how the indicators might be refined, finalised and implemented.

It has become clear in the course of the sub-group's work that relatively few actors in the consumer movement have performance indicators in place, particularly those relating to qualitative issues. Nevertheless, the group wished to highlight and attach some of the resources collected over the course of the field work, as they might prove useful in the future.

Appendix 2 is a 'map' of the way that consumer bodies carry out different types of work in the UK, and how these bodies relate to each other. This 'map' will have to be updated in the near future taking into account the demise of Consumer Focus, and the re-organisation of Consumer Direct's work.

Appendix 3 details objectives and performance indicators developed by Consumer Focus in the UK.

Appendix 4 contains a couple of Consumer Focus worksheets used for training in measuring indicators.

Appendix 5 details some of the 58 indicators used in the Consumer Protection Index in Germany (*Verbraucherschutzindex*).

Appendix 6 describes the division of the tasks amongst the various actors in Germany in the area of consumer protection.

Based on the findings of the sub-group, the members would recommend to the Member States and to the Commission:

- that the conclusions of the sub-group be submitted to the Consumer Policy Network (CPN) and to the Consumer Protection Cooperation (CPC) Network;
- that a dynamic mapping of the actors fully fulfilling or in part the five identified tasks of the consumer movement, be carried out at national level;

that based on this dynamic mapping, indicators be linked to the national actors involved in the consumer movement at national level where applicable;

that the recommendation of the sub-group to complement the indicators used already in the Consumer Markets Scoreboard be taken into account;

that the members of the sub-group be further involved and consulted in the development of a methodology to measure the performance of national consumer movements using the indicators;

that principles aimed at guaranteeing the independence and the expertise of representatives of consumer organisations be adopted at European and national level.

V. Meetings of the sub-group

First meeting of the sub-group

In preparation for the meeting, a questionnaire had been distributed to participants with a non-exhaustive list of 40 potential indicators for the consumer movement. The participants were to classify them in order of importance. The responses from the participants were analysed and presented during the meeting.

It was decided that the consumer movement was not limited solely to consumer associations, but also included other actors such as the national administrations, ADR bodies, ECC's, media etc. These various actors play different roles at national level.

As a starting point to determine indicators for national consumer movements, it was decided to start not with the actors, but rather with the tasks of the consumer movement. This seemed logical, since the protagonists in the consumer movement vary from one state to another and additionally have different aims. On the other hand, the aims of the consumer movement should ideally be identical from one state to the other. Once the overall aims were determined, it was indeed easier to establish criteria aimed at evaluating whether the consumer movements achieved all their aims and were thus effective.

The working method was also discussed and it was agreed to work in small groups. Each working group reported its finding to the full ECCG sub-group.

Five tasks of the consumer movement were identified:

- Information and Advice
- Advocacy
- Products & services testing
- Enforcement & Redress
- Research

The five Member States where a field trip was to be undertaken were chosen to keep a balance between large/small member states, North/South member states, new/old Member States.

It was also decided that the five tasks would be discussed with the bodies met on the field trips in order to check whether they met all the aims of the national consumer movement, as well as identifying which national bodies fulfilled which aims. Once this had been established, then a check would be made whether or not indicators monitoring the consumer movement were used in the Member States visited.

Second meeting of the sub-group

Based on the five aims for national consumer movements, participants identified possible indicators for each aim. It was agreed to start with a long list of indicators for each task and then to cut them down in a second stage to keep only the most relevant and most easily measurable indicators.

1. Enforcement & Redress : possible indicators

- Number of cases brought by consumers to court
- Number of cases won before court
- Number of cases lost before court
- Number of inspections
- Number of complaints
- Number of fines applied
- Number of cases sent to ADR bodies
- Number of cases won
- Number of cases lost

2. Information and Advice: possible indicators

- Measure whether there is public access to the information or whether access is restricted to members of consumers' associations
- Measure whether the access to information is free of charge or not
- Number of subscribers to consumer association's magazines
- Number of copies of magazines
- Number of press releases
- Readers' surveys on the content of magazines
- Number of articles published
- Number of pages by magazine
- Number of single issue publications
- Number of general publications
- Number of local desks providing information
- Availability by phone/e-mail/visiting
- Number of contacts
- Open to all consumers
- Average waiting time
- Opening hours
- Consumer feedback
- Redirection to the right service provider
- Using the request information as editorial input
- Overall knowledge of consumer rights
- Number of consumers that have to call back for the same question
- Hits on European Media Monitor
- Interviews (TV, radio, newspapers...)
- Appearances on the national media
- Appearances on the local media
- Number of visitors on web site
- Ranking on Google
- Number of hours of consumer programs on radio/TV
- Quality of website
- Static or interactive website

- Number of comments on the web site? Critical comments
- Archive
- Blogs
- FAQ's
- Access for all pages for free
- Video/audio clips
- Recognition rate
- Reputation/trustworthiness rates
- Number of members renewals
- Number of new subscribers

3. Advocacy : possible indicators

- Number of meetings attended in consultative bodies
- Number of letters sent for lobbying reasons
- Number and quality of success stories
- Perception of the consumer organisation
- Quality of the staff
- Media coverage
- Number of campaigns
- Websites and presence in social media
- Publishing (newsletters, books, magazines etc.)
- Number of representatives
- Quality of representatives
- Level of representation
- Presence at local, regional, national and international level
- Representativeness
- Number of agreements made between consumer associations and business
- Economic importance (micro level and macro level)

4. Products and services tests

- Number of products tested
- Relevance of products for the market
- Proportion of availability in the market of products tested

- Involvement in ICRT (International Consumer Research and Testing)
- Keeping up-to-date with new products
- Advising consumers about sensible buying
- Presenting results in a way that makes them accessible
- Penetration of the testing magazine on the market
- Hits on the website
- Assessment of awareness of product tests
- Level of trust in the testing information
- Transparent and independent tests
- Money spent on tests
- Coverage of services to be tested is often greater and more complex than range of goods
- Assessment of people's feelings and emotions with regard to services

5. Research : possible indicators

- Number of studies carried out on consumer protection topics
- Number of consumer organisations/centres carrying out consumer research
- Number of qualified staff to carry out consumer research
- Amount of money available to carry out consumer research / existence of research programs
- Number of publications of studies: facilitating their accessibility
- Number of actions/campaigns to make the results known
- Existence of a database with studies facilitating the access to consumer research
- Existence of a consumer research centre
- Number of experts for peer review
- Results studies known by public, authorities, media, consumers...
- Impact of results studies on policy, public opinion, authorities...
- Characteristics of studies: Cooperation with i.e. laboratories, research centres, peer review; standardised methods; independence; interdisciplinary character of involvement of consumers, stakeholders, qualification of staff for consumer research (interdisciplinary)

Third meeting of the sub group

The findings of the field trip in UK were discussed, especially the indicators used in the UK. Using the diagram depicting which body carries out which tasks in the UK as a model, the members of the sub-group agreed that it would be useful to have a mapping of the different bodies active in consumer protection at national level in other Member State countries.

It was also agreed to reduce the number of indicators for the five issues which were considered to be the most significant ones to be used at national level and also to concentrate on those which were most easily measurable. The new reduced list of indicators is to be found below:

1) Enforcement & redress: possible indicators

- Number of complaints received
- Cases brought to court (won/lost)
- Cases sent to arbitration (won/lost)
- Number of companies which have adhered to an ADR within the last year
- Number of businesses monitored
- Number of inspections carried out
- Amount of fines paid by business

2) Information & Advice: possible indicators

- Number of initial contacts (Number of referrals to more appropriate organisation and the number dealt with directly)
- Availability and access (opening hours, local advice coverage and means of access: phone, e-mail, website functionality, disability-friendly)
- Access to information/advice - charging (member/non member)
- Quality (Monitoring of quality of advice (offering value for money) and nature of complaint for training of expertise)
- Number of members and/or magazine's subscribers and range of publications (Information campaigns)

Consumer satisfaction - use of survey (qualitative and quantitative)

Existence and use of data (Policy Change, Campaigns and Enforcement)

Trust- recognition by Media, Public (reputation audit) and Authorities

3) Advocacy: possible indicators

- Out-put indicators
- Amount of hours of staff/volunteers worked
- Number and importance of committees represented / level of representation and number of meetings / hearings attended/number of activities
- Media coverage and presence on the Internet (including social media – future oriented)
- Number of campaigns (success and negative stories)
- Degree to which consumer groups are known
- Number of letters sent out for lobby action
- Annual report & work program
- Impact/effect indicators
- Quality assessments measures of work (different stakeholders e.g. journalists and politicians)
- Assessments of 'brand(s)'

4) Comparative Tests : possible indicators

- Number of independent and objective comparative tests of products and services
- Number of results published
- Number of malfunctioning or dangerous products identified
- Money (per 1000 inhabitants) spent for independent comparative testing
- Percentage of population subscribed to testing magazine (website)
- Percentage of population who use independent test information while selecting products

Percentage of population who consider the most important product and services groups covered by independent comparative testing

5) Research : possible indicators

- Existence of independent consumer policy research structure
- Number of research centres
- Availability of the studies
- Existence of research data bases
- Number of qualified experts carrying out studies
- Money spent for consumer research

Fourth meeting of the sub-group

The findings of the field trips to Portugal and Slovenia were discussed.

Participants have agreed that, even if there no explicit indicators in Portugal and Slovenia, the following indicators are relevant in both countries: the degree to which consumer groups are known, high membership, participation in the legislative process, presence in the press.

Participants also pointed out that, as in Portugal, the representation of consumers (advocacy) and the publication of magazines (dissemination of information) should ideally and if feasible be clearly divided by setting up two different legal entities. Setting up two entities could enable consumer groups receiving funding from national authorities to represent consumers at both national and European level.

In Slovenia, the low level of cooperation between authorities and the consumer groups has been identified as being detrimental to the development of the consumer movement. It has also been pointed out that in a sparsely populated member state, there is no need, as such, to have more than one strong consumer group.

Ways of measuring possible indicators have also been discussed. For instance, measuring press presence could be carried out by using the media monitoring tool. Even if such a tool has some drawbacks, it can indicate trends of how consumer groups are represented in the press.

By aggregating different measurements based on agreed indicators, it might ultimately be feasible to give a global picture of the health of the national consumer movement.

Fifth meeting of the sub-group

The principles adopted in Australia and in Canada aiming at guaranteeing the independence and the expertise of representatives of consumers were discussed. Participants pointed out that it would be interesting to develop similar principles at E.U and national levels.

The draft report was discussed. It was agreed to amend it on the following points

- add a definition of consumer movement while referring to the five tasks
- add a section “conclusions” where the short list of indicators will be put
- add indicators applicable to national agencies, Ministries comparable to the ones used in the German index ('*Verbraucherschutzindex*')
- add qualitative elements to some indicators
- demonstrate (give one example) of how using criteria such as input, output, impact could further develop/ fine-tune indicators
- add a new section “recommendations” to M.S. and to Commission.
- add the UK mapping and the German index to the report

VI Field trips to national consumer movements

To carry out the task of identifying indicators of national consumer movements, field work took place in five Member States. In selecting five national consumer movements to visit, a balance has been observed between:

- Northern and Southern Member States;
- New and old Member States;
- Member States with one strong consumer body and Member States with various consumer bodies

- Member States with membership consumer associations and Member States with publically funded consumer associations
- Member States where a reform of the consumer movement had been carried out.

Those field visits were organised between February and September 2010.

The Danish consumer movement

The Danish Consumer Council is the only consumer organisation in Denmark, being both a member organisation and an umbrella organisation consisting of a large number of national organisations covering civil society at large, including for instance youth, elderly, women, shareholders, environmental and educational organisations.

It is generally accepted by changing governments - independent of their representing left or right - that consumers must be heard on all decisions made in society at the same level as other stakeholders. The Council receives all relevant legislation in draft to give their opinion just as they are heard by ministries, agencies, and members of Parliament etc. In Denmark it is seen as part of democracy that consumers must have a voice just as it is never questioned by industry or business, as they see the Council as a partner with which they can negotiate and discuss. Having only one organisation covering all the various consumer areas is seen as a strength giving more power to consumers. The views of The Consumer Council are much sought after by the media, and the Council is constantly on television and in the press – thus a voice to be reckoned with.

The economy of the Consumer Council rests predominantly on the income from two magazines but also on projects and fees from the organisations. About 20 % is provided by the government/ Parliament grant to acknowledge the importance of the influence of consumers on the policies of society. This percentage has decreased over the years with the increase of the income of the Consumer Council from membership/ magazines.

The Danish Consumer Council represents consumers in more than 200 committees, boards and councils dealing with matters of importance to consumers. The Danish Consumer Council also has an extensive dialogue with the business community on matters of common interest and they have together established 18 private

complaints boards, covering sectors such as insurance, banking, investment, travel, construction etc.

On the government side of the coin the consumer and competition agencies were recently merged into the National Competition and Consumer Agency under the Ministry of Business and Economy. There are also the Consumer Ombudsman - appointed by the government -dealing with marketing practices, etc. and a General Complaints board. These institutions - located in the same building where the ECC has its office - were started in the seventies under much pressure and influence from the Consumer Council.

There is no direct overlap between the Consumer Council and the government institutions or the Consumer Ombudsman, but there is extensive cooperation and frequent meetings take place.

The French consumer movement

A significant reform of the consumer associations' accreditation system was happening in France at the time when the field trip took place. The objective of this reform is, on the one hand, to find a solution to the multiple number of associations and, on the other, to prevent the consumer associations' break-up, i.e. working out how to keep plurality/diversity while increasing efficiency.

A distinction was drawn between small-size/local associations with outreach work and the leading representative associations which, in addition to this outreach work, are active at both national and European level.

An accreditation at national level is given to national associations. To obtain this, two conditions have to be fulfilled: a minimum number of members and outreach work in the field of consumer protection.

Local associations depending from accredited national associations can also apply for accreditation at local level.

Additional accreditation is planned to support those associations that are most representative based on transparent criteria (see below).

The current accreditation will still give to organisations a subsidy and a seat in the *Conseil de la Consommation*. The extra accreditation would grant some additional rights:

a permanent seat in the board of the CNC and more say in the Council;

priority in being nominated by the Government in the French and EU forums for consultation;

the monopoly to launch the future group action procedure.

The two kinds of accreditation given are based on various indicators :

1) Criteria/indicators with regard to local associations

- Number of members;
- Number of information meetings, help desks and mediation activities;
- Number of participants attending training sessions;
- Representation and negotiation at a local level;
- Existence of a website;
- Reports in the press;
- Local consumer education activities;
- Number of local desks where consumers can seek assistance;
- Cases brought to court;

2) Criteria/indicators with regard to national associations

- Activities relating to global external communication on consumer questions;
- Political representation at national level;
- Studies, surveys, nation-wide consumer education activities
- Activities relating to European representation or, in a broader sense, the association's international activity;
- Support to the network (legal, dissemination of information or the provision of consumer education tools, training for managers and volunteers from consumer associations);

Involvement in the coordination of accredited national consumer associations⁴;

The range of local networks operated by national associations;

Regarding the mission of the French consumer movement, it is worth mentioning that the public broadcasting company *France 3* is obliged to broadcast a television programme (*Flash Conso*) showcasing the work of consumer associations. Furthermore, another public broadcasting company (*France 2*) broadcasts a programme dealing with consumer issues (*Conso mag*). These consumer programmes are part of the public service missions of these channels.

To conclude, the five tasks of the consumer movement are met in France. However, because the consumer movement is too fragmented, this somehow leads to a lack of representativeness of consumer groups. The ongoing reform aims to solve the issue by adopting indicators for consumer groups.

The UK consumer movement

This visit aimed to gain familiarity with the UK consumer movement via discussions with a representative sample of groupings. Those who were consulted were asked to comment on the five tasks related to consumer policy which should ideally be fulfilled in all EU member states. They were also asked to give details as to how, and to what extent, their body or their association fulfilled those tasks. They were also asked to explain which indicators were used to assess their organisation's work.

While the UK consumer movement is characterized by a relatively large number of bodies being involved in consumer protection, there are very few consumer associations, taking into account the size of the UK population. Most of the bodies carry out more than one of the tasks of the consumer movement. With the exception of *Which?*, which relies on its income from membership subscriptions, all the bodies are publicly funded.

The different bodies involved in consumer protection use indicators, mostly internal indicators.

⁴ This indicator is opposed by most of the main consumer associations.

Office of Fair Trading (OFT):

External indicators: 2 targets agreed with Ministry

- To deliver direct financial benefits to consumers of at least 5 times its costs to the taxpayer
- To estimate the additional wider benefits of its work and publish the results via its annual report

Internal indicator: to evaluate the success of its campaigns

Consumer Focus :

Internal indicators : (under development)

- To develop performance targets for advocacy programs,
- To set up an information system to assess the number of consumers benefiting from their work

External indicator :

Activity reports

Consumer Direct

They have carried out research to assess the success or otherwise of their operation.

Customer satisfaction: at least 80 % consumers are satisfied and at least 45 % consumers have their problem solved.

Operational performance: at least 95 % of e-mails must be answered within 2 days and at least 70 % of contacts must generate a new case record.

Which ?

They carry out a perception audit among decision makers and formers about their campaigns and their public profile every 3 years. They also monitor their media coverage.

The Portuguese consumer movement

In Portugal, unlike the other Member States visited, training is a key mission for all those involved in the consumer movement. Representatives of the consumer movement train consumers, judges, business representatives and others.

The reasons for the success of the Portuguese consumers' association, Deco, were that the creation of the association was linked to the Portuguese revolution, its presence in the media is very high, and it recruits members using marketing techniques giving advice to consumers via face-to-face meetings, with local desks providing assistance.

The level of cooperation between the different bodies active within the Portuguese consumer movement is impressive. There is cooperation between consumer associations, cooperation between ministries and consumer groups, cooperation between consumer associations and ADR bodies. This makes it possible to deliver their tasks for Portuguese consumers.

The widespread ADR bodies' network and the Portuguese legislation on group action also explain why the consumer movement is so developed in Portugal. It is also worth noting that in Portugal all consumer bodies work with decentralised groupings via local points where consumers can seek help and information.

Finally, in 2010 the Portuguese Government granted 318 500€ to ADR bodies and 21 500 € to consumer associations. In Portugal, there are no specific indicators used to assess the work of consumer bodies.

The Slovenian consumer movement

In Slovenia the non-governmental consumer organisation ZPS is well known and more prominent in public than the governmental organisations active in consumer protection. The consumer protection legislation is appropriate, while the implementation of the policies has not been satisfactory at governmental level. As a result of this, the Ministry of the Economy has recently proposed to abolish the national Office of Consumer Protection (OCP) and transfer its responsibilities to a directorate at the ministry itself, while deciding that some tasks

of policy implementation previously held by the OCP can be undertaken in a more effective way by the civil society.

The Consumer protection act recognizes consumer organisations as an important stakeholder in developing and implementing consumer policy. According to the law, non-governmental consumer organisations can provide consumer information, advice and product testing as a public service and are entitled to get public funding for those activities. Even though there are twelve registered consumer associations in Slovenia, only two are actively representing consumer interest. The other associations are only active at local level and do not deal solely with consumer issues. Beside inspections (trade, food, sanitary) the state is not very involved in consumer protection and most of the five tasks are fulfilled by the Slovene Consumer Association (ZPS).

Enforcement is clearly the task where a lot more could be done. The Slovene ECC regularly reports to the Commission about the current state of enforcement, and also organises activities with the aim of accelerating the development of an ADR scheme in Slovenia. A draft law on ADR was prepared by the Consumer Protection Office of the Republic of Slovenia in 2008, but no progress has been made since then. It seems that there is a lack of political will to put this draft law on the agenda, because none of the activities carried out by the ECC SI or ZPS was able to accelerate this process. Now it remains to be seen if the new approach by the Ministry of Economy in the field of consumer protection will also bring a positive change and improvement to enforcement

In comparison with the other member states visited, it is striking that the level of cooperation between the consumer bodies is very low. As an example, it was pointed out that on the web site of the Ministry for Consumer Protection, there is not even a link to the website of the main consumer organisation ZPS, which is actually the main website for all consumers and media in Slovenia.

Despite the fact that the responsibility for services such as consumer information has been transferred to consumer organisations with co-funding being provided by the government, consumer organisations do not yet seem to be regarded as partners for adopting and implementing consumer protection policy.

Finally, there are no explicit indicators used to assess the work of the Slovene consumer bodies.

VII. Indicators outside the E.U.

Desk research has been carried out to identify possible indicators on the consumer movement outside the E.U. Contacts were made with consumer associations of Canada, U.S., Australia and Brazil. Based on this research and contacts, it seems there are no formal indicators as such used to measure the performances of the consumer movement in those countries. All associations contacted mentioned that such indicators would be useful at national level.

An interesting initiative was however carried out in Canada largely inspired by the Australian experience. This took place in 2009 in Canada under the initiative of the consumer association *Union des consommateurs*⁵.

Based on the assumption that the participation of consumer representatives is increasingly necessary in decision-making bodies nationally and internationally, a study was published which addressed the following questions:

- What are the criteria for choosing organisations or persons who will defend or express the concerns of consumers?
- How to ensure the competence and independence of those representatives?
- How to ensure their accountability?
- Do the organisations have standardized criteria for guaranteeing the representativeness of those who will defend consumers?
- Would consumers be better served if such criteria were widely disseminated and applied?
- Would consumers' trust be strengthened if those criteria were made known to them and the criteria's application were ensured?

By addressing those questions, the study aimed at launching a debate in Canada on the importance of using objective criteria to ensure the representativeness, competence and legitimacy of those who take the role of promoting and defending consumer interests and

⁵ Consumer representation : Recognition criteria - Union des consommateurs, June 2009
<http://www.consommateur.qc.ca/union-des-consommateurs/docu/ConsuRepCriteriaFinalReport2009.pdf>

reinforcing public trust in consultation and consensus-building proceedings. In other words, should a consumer representative recognition policy be adopted in Canada?

The answer to this question was largely influenced by a study carried out in Australia in 2005⁶ by the Commonwealth Consumer Affairs Advisory Council. In the document "*Principles for the appointment of consumers representatives*", it is recognized that consumer participation is fundamentally important to the Australian market.

Therefore, it is vital that consumers and their interests are appropriately represented on government and industry decision-making and advisory bodies. For this purpose, the document establishes a set of principles to guide parties looking to appoint consumer representatives.

Based mainly on the principles adopted in Australia, the study issued by the Canadian consumer association *Union des consommateurs* recommends the adoption of a framework for recognizing consumer representatives. The study presents detailed principles necessary to guarantee adequate representation. Some principles are meant for consumer associations and others are meant for individuals.

The recommended principles are:

- Competence : expertise in consumer affairs;
- Independence : no relation of dependence on industry or government;
- Representativeness : mission, public activities, number of members;
- Accountability : link with consumer organisations.

The study also proposed criteria for the appointment process, such as transparency, seriousness and a cost effective selection process, the application of good governance rules and the involvement of consumer organisations.

In addition to this, the study also concludes that there is an obligation to grant financial resources to consumer representatives to enable them to work effectively, namely remuneration reflecting the time spent by the representatives and reimbursement of expenses incurred.

⁶ Principles for the appointment of consumer representatives in Australia: a process for governments and industry, Commonwealth Consumer Affairs Advisory Council, June 2005
http://www.treasury.gov.au/documents/994/PDF/consumer_reps.pdf

Furthermore, continuous training activities and participation in seminars and conferences should be provided.

Finally, the study concludes that, to guarantee the full participation of consumer associations in the process of selecting or appointing representatives, sufficient resources should be allocated to consumer associations, given they do not have the same resources as other stakeholders involved in the process.

VIII. Appendices

- Appendix I: List of the members of the sub-group;
- Appendix II: Example of 'mapping' of the responsibilities of consumer organisations: the UK;
- Appendix III: Internal performance indicators from the UK: Consumer Focus;
- Appendix IV: Working papers relating to the measurement of indicators: Consumer Focus;
- Appendix V: Examples of some indicators used in the Consumer Protection Index in Germany "*Verbraucherschutzindex*";
- Appendix VI: Division of the tasks amongst the various actors in Germany in the area of consumer protection.