



ACCI

INTERNATIONAL

PUBLISHED BY THE INTERNATIONAL CONSUMER AFFAIRS COMMITTEE, ACCI

VOL.13 NO.3

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FALL 2000



NEW PRESIDENT OUTLINES CI STRATEGY DIRECTIONS AT 40TH ANNIVERSARY CONGRESS

Louise Sylvan, Chief Executive Officer of the Australian Consumers Association was elected President of Consumers International (CI), succeeding Pamela Chan, Chief Executive Officer of the Hong Kong Consumer Council. Consumer International's 40th Anniversary Congress in Durban, South Africa, November 13-17th, 2000, was celebrated by over 600 people from 263 countries. A decade ago, only 100 people from 62 countries met in Hong Kong for the 30th CI Congress. The new President called for an increase in Consumer International's influence on global policy making. "The world is changed and changing, business power is increasing, governments are retreating, more decision making is global and nation states are less powerful". Increasing consumer influence is needed at two levels with strong member organizations and a strong umbrella organization in CI.

The strategic context within which CI will operate in the next three years includes 6 major trends: 1) The rapid progress of economic, cultural and social globalization and the pressure from business to move even faster in this direction. 2) The shift of decision making from local and national level to regional and global institutions. 3) The development and worldwide spread of information technology. 4) The growing gap between rich and poor nations and between rich and poor people within nations. 5) The consolidation of corporate power, especially of the ownership of the world's media. 6) The increasing unsustainability of some forums of consumption.

Against this background, the key aim is to strengthen CI's presence at and impact on international decision making institutions. It will consider, first, the views and interests of its member organizations. Then it will prioritize on the basis of what CI's intervention can contribute, who else is working on the issue that might better bring influence to global debates and the opportunity to achieve significant change.

CI will concentrate on developing a coordinated global approach to the consumer issues of: a) utilities, b) sustainable consumption, c) health care services (including drug safety, pricing and distribution), d) electronic commerce and e) access to basic needs (with particular emphasis on food security).

To accomplish these objectives, CI must strengthen the skills and capacities of its members, especially in developing countries and support the establishment of effective organizations where they do not now exist. A specific target is so see that all member organizations are equipped and trained for access to the internet. Implementation will require an increase in resources and in quality of staffing.

CI will allocate 25% of its budget to focus on topics of Trade and Food; 25% on global issues; 50% on member development. Many more member organizations are active and stronger. CI staff has never been stronger! Its global voice is starting to emerge as is its global influence.



CONSUMERS INTERNATIONAL
16TH WORLD CONGRESS

YEAR-END REGIONAL OFFICE REPORTS**Regional Office for Latin America and the Caribbean (ROLAC) Director: Jose Vargas**

There are two major issues in Latin America. First is the problem with the quality, access and prices of utilities following privatization. ROLAC proposes policies to promote awareness of the problem. Second is the need of education for consumers, children, youth and adults

including training of teachers. ROLAC is working to incorporate such education in 600 schools related to UNESCO. They have formed a network with 80 participants so they can exchange information in the region.

Regional Office for Africa (ROAF) Director: Amadu Kanoute

Consumers in Africa are really non-consumers as their access to goods is so limited. Efforts are directed to lobbying members, improving access to water and working with Womens' Associations. Consumers can't fight at the national level due to the impossibility of exchanging information with members. Strengthening

members at the local level is their best contribution to the global scene.

Regional Office for Asia and the Pacific (ROAP) Director: Dr. Sothi Rachagan

Focus in this region is on trade and economics and food especially pharmaceuticals and food security. A new emphasis is on shelter, education, youth leaving, consumer law and sustainable consumption. Issues regarding basic

goods and services are pursued by influencing national drug policy, health policy, including patient rights, and national food policy. Capacity building through workshops for members and the establishment of practical networks are also on the agenda.

Office for Developed and Transition Economies (ODTE) Director: Anna Fielder

Primary focus is on trade and food issues. The Office will continue working with and developing member networks, particularly in the Eastern Europe and Mediterranean region. A feasibility exercise and project

development is being proposed to monitor and report on the ethical behavior of multinational enterprises. The project on privacy and data protection is being completed early in the year, and a second survey of e-commerce shopping sites will be implemented by early summer. If funding applied for is secured, the Office will start monitoring and evaluating quality of internet sites. Representation at the OECD Consumer Policy, Trade and Environment Committees will continue.

The Codex Alimentarius project will continue to be implemented. It is now in its third phase which is increasing involvement from members in Central
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**2001-2003
CI COUNCIL
ELECTIONS**

Consumers Union
USAConsumers Assoc.
UKConsumentenbond
THE NETHERLANDSCACPK
SOUTH KOREAConsumer Council
HONGKONGACIM
MAURITIUSIDEC
BRAZILConsumers Association
SLOVENIAAgV
GERMANYConsumer Council
DENMARKVoice
INDIAFOMCA
MALAYSIAKONFOP
RUSSIACDC
ELSALVADORTribuna Consumidore
ECUADORTest-Achats
BELGIUM



FUTURE STRATEGIES FOR PROTECTING CONSUMERS

Kim Lavelly, Deputy Director of Consumers Association UK, and **Roland Counye**, Group Director of Information and Services department of Test Achats, Belgium examined the new challenges and new thinking in developed countries. Magazine markets are under

pressure, product quality is improving, consumer rights are more widely understood and new technologies are transforming access to information.

The talk, subtitled "Making \$ for Consumer Organizations," was not about giving up magazines. They are the chief funder, but subscriptions are down. Last year stabilized and increased slightly. It has become more costly to acquire new members. 75% of the population don't subscribe to anything nor ever will. Consumers are more discerning and want information tailored to their own need. They put a value on time not just \$. There is increased competition of information; much provided by business and government is free. The internet is a threat in terms of competition, but it provides an opportunity to increase service by cutting through the mass of information.

CA tried a Which? Credit card. It was a good idea, not well executed. It was not a market breaking card. It needed to be demonstrably better, but it helped CA learn. CA entered into a relation with Value Direct which sells household appliances on the internet as a service to Which members as an option. It provided top customer service levels and guaranteed lowest prices (paid 110% if found lower price) Members loved it, competitors didn't, and prices went down. CA didn't make any money, so there was no payback although it probably increased subscription retention. CA could have done it as a revenue share but declined to do so. It remains a potential revenue source as long as the arrangement remains transparent.

Carbusters.com. (4.7 million hits on first day!) was a CA car importing scheme. The UK import market for cars was a rigged market. CA had campaigned for years to no effect so it entered the market. It launched the program in March for members acting as a 3rd party sharing costs and charges. It had a significant effect on the market. UK prices dropped. As a potential fund raiser, such schemes could be worked with a common partner, sharing the arrangement fee and when CA exits the market could still sell a share of goodwill. There are other rigged markets that could be entered.

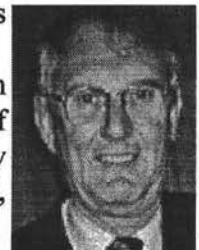
Certification schemes assist consumers who lack confidence in the e-commerce market, fearing security and delivery fraud. CA launched their Web Trader scheme

in July 1999 which certifies that companies using the seal meet high codes of practice. There are over 1000 Web Traders in UK and the plan is now available in other countries. They monitor the system with mystery shoppers and deal with complaints. The program impact was demonstrated when CA threw out Jingle.com near Xmas due to poor customer service. Top executives visited, put things right and were let back in. Such a program improves service levels and improves visibility of good traders thus providing continuous upgrading of trade practices. Such plans are potential huge income generators if consumer organizations pursue one of the following: charge for certification; revenue share with traders; provide services like search facilities and get % sales; and sponsorship.

The importance of maintaining the moral high ground cannot be overestimated. Membership trust is enormous and provides a halo effect on associated relationships. There must always be an opportunity to exit any scheme and consumer interest must be primary. Criticism is minimized when the organization is clearly on the consumer side.

The market has changed. Economic and legal work is extremely complex and needs to be individualized; info tends to be free. One approach is to personalize the information provided and in addition be a provider of services.. Form a Club of members and use the power of this club to work with the trading world. Focus on core business advantages i.e. negotiate better conditions for members, internally and between traders and members and even become a producer or co-producer. By this means negotiate global improvement of products or services; negotiate specific improvements. Test Achats has used these principles in a Visa card, legal aid, mortgage loans, home insurance, new cars, centralized retailing and a broker-online. Member retention in the programs is 80%. The visa cards use very strict conditions include discounts and some legal aid. They do mortgage loan calculations for a given bank with good conditions but members can go to other banks with the calculations and negotiate. In Portugal, hits on a mortgage loan arrangement site went from 7000/month to 25,000 per day. A potential revenue raiser is a co-financing assistance scheme where the consumer organization gets 5% of the loan. A new Car plan in Belgium provides 10-22% discount and free maintenance first year plus an assistance scheme. Euroclub is a best price guaranteed, delivered at home plus assistance centralized retailing plan. Broker On-Line is best fees in stock market. Test Achat is looking to expand to all countries, do term insurances, second hand cars and an investment fund for members with a negotiated management fee.

Consumer organizations must maintain their credibility, independence, solvency, self sufficiency and non-profit status. Any company they associate with must be creditworthy, respected, business-to-



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CI REPRESENTATIVE REPORT

by Margaret Charters

The 40th Congress of CI, with over 600 attendees included only about 25 Americans, one half of whom were from Consumers Union. I was proud to represent ACCI. This was the first Congress held in Africa and was funded largely by the European Union and the South African Department of Trade and Industry. Durban sits on the Indian Ocean and has about the 10th largest harbor in the world. There were always five or six ships on the horizon. All the Congress events were held in a large modern Conference Center near the center of town where a Hilton hotel adjoined. Most of the delegates stayed, as we did, in hotels along the Marine Parade which bordered the Indian Ocean. The beaches were beautiful. The weather was in the 80's. Amusement rides mixed with local traders spreading their wares dotted the esplanade.

It is remarkable how far the South Africans appear to have come in their relationships since apartheid was ended, but with unemployment more than 50% in the cities, the economy has a long way to go. Durban, Kwazulu Natal is in the state of Natal, the home of the Zulu king. We visited a restoration of a Zulu village and enjoyed the presentation of ancient customs and tribal dancing. The banquet program included more fantastic dancing a blend of the three cultures, Zulu, Indian and White.

Professor Ben Turok MP of the South African Parliament Finance Committee, addressed the Third Plenary, and spoke strongly to the themes of the Congress with advice to the consumer organizations, especially in Africa and developing countries. He said: "South Africa has not yet unraveled the proper relationship between government, civil society and the outside funders." He continues, "even with a parliamentary democracy, civil society is important. Elected representatives are constrained by government processes and budgets so advocacy is needed. Donor aid is still very substantial, but he says "like manure, put all in one spot it stinks, it must be spread evenly!" A dialog with donors is needed to move money to civil society. Civil Society must be united, and speak with a single voice to be taken seriously. Skills are needed in NGOs as they are in competition with government in certain ways. They must be professional in their approach, and use the parliamentary process (i.e. hearings). Many officials find NGOs tiresome so they must develop coalitions of pressure to get the civil service to perform the duties it is supposed to.

(Strategies continued from page 3)

consumer, better than best buy, added value sufficient, members only. Members like the system, 1. For organization to survive, price advantage, fair contracts and legal assistance. Higher loyalty, royalty for logo, internet fees, expertise fees. Never lose credibility and independence. Explore acting as a

co-operative. Gain \$ to maintain organization-generating \$ to promote consumer interest. Belgium serves information to all consumers and adds special things for members. Not enter into the market (co-finance redress scheme) using power group to get special rate if market changes, can change partner. Get conditions for all consumers and give special conditions to members.



CI SNAGS ALLAN ASHER AS GLOBAL CAMPAIGNS DIRECTOR

Allan Asher, ACCI's 1998 Colston Warne Lecturer has recently moved from Canberra Australia to London England to take over his new post. He was formerly Deputy

Chairman of the Australia Competition and Consumer Commission. (similar FTC). He has also had extensive experience in the private corporate world. A former member of the OECD Consumer Policy Committee, he adds great expertise and insight in the global marketplace to CI's campaigns and strengthens its consumer voice.

(Regional report continued from page 2)

and Eastern Europe. Regional input will concentrate in particular on input into the two ad hoc Task Forces on Biotechnology and Animal Feeding.

The Office will continue in its third year as the secretariat for the Trans Atlantic Consumer Dialog. In the area of sustainable consumption, funding will be sought to continue work on supporting consumer organizations to promote this important issue.

Institution and capacity building is ongoing. In 2001 the National Lotteries Charities Board project will be in its second year and food policy projects will be implemented by 10 consumer organizations in the Balkans, Baltics, Belarus and Ukraine. Funding will be sought for development work particularly in the Trans-Caucasus and Central Asia as well as countries of former Yugoslavia. More effective ways to distribute information to members are being explored, especially the shift from print to electronic media.

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