

Public Policy Based on Consumer-Interest Research: Essential National and International Institutions

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Abstract

This review is a vision check on consumer-interest policies as we approach 2020. The appraisal strongly suggests that most countries do not provide their consumers the full range of consumer empowerment agencies. At the *national* level, the evaluation identifies six major agencies as key institutions for consumer well-being. Further, *international* cooperation is crucial in the digital world. Links are provided to eight of the most valuable web sites of international consumer policy organizations. Each link facilitates evidence-based policies to improve consumer health and safety, or to advance consumer success with price and quality, or to enhance protection from fraud, fake reviews and other deceptive selling practices.

The presentation also outlines a multidisciplinary Canadian experiment to connect academic research to consumer policy using a partnership among academic researchers, consumer protection agencies, consumer NGOs, and a national standards association. Canada's Partnership on Public Policy- Oriented Consumer Interest Research (PPOCIR at <http://ppocir.uwaterloo.ca/>) also includes a work-study experience for graduate students to augment the country's consumer research capability. To measure achievements of the partnership experiment, benchmarks are identified. Overall, three conclusions are beyond dispute: (a) in most countries, consumers face a major challenge - missing institutions. (b) there is genuine 'policy benefit' from cooperating on research topics with a team that includes advocates, practical policy experts and academics, and (c), consumers in any country can benefit from building research capacity in a manner that includes experiential learning.

I. National Consumer Institutions for Research and Consumer Policy

1. **A National Research Center for Consumer-Interest Research.** Publicly funded, independent institutes for consumer wellbeing have been created in several countries, including the United Kingdom, South Africa, the Netherlands. Best is Norway's SIFO, recently affiliated with Oslo and Akershus University College. SIFO has been providing research in the consumer interest since the 1930s. SIFO's research is used by the public Consumer Council of Norway, an agency established in 1953 to advocate measures to strengthen the position of consumers. Norway is recognized as the world leader in *consumer empowerment*, a more useful goal than consumer protection.
2. **Independent Testing Agencies** like *Consumer Reports*, *Which?* and *Que Choisir*. Reliable information on the lifetime performance of services, products, brands, warranties etc. is a huge help with consumer choice. The choices made by those with accurate information make astute consumers better off and, importantly, informed choices boost the rewards earned by sellers with superior offerings. This improves the way the market works, thereby helping consumers who do not have direct access to testing information.
3. **An Academic Journal for Consumer Research.** Policies and institutions from the nation of the journal are more likely to be examined in refereed research results.
4. **National Quality Institute (Independent Public Quality Rating Agency).** Most countries have firms that collect unbiased quality ratings. The business model offers the results to sellers (so far, so good) with a vital weakness in that the model does not permit consumers to see detailed reports. To empower search-oriented consumers, a public system is superior. The best model is the American Customer Satisfaction Index (ACSI) which uses large samples and provides detailed results online. The system originated with Claes Fornell in Sweden and moved to the University of Michigan for many years (now private). To date, 16 countries have adopted the methodology of the ACSI as part of a program to empower national consumers ... while also expanding exports.

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5. **Competition Agency.** Each country needs a public agency to protect the market. One key responsibility addresses monopolies, mergers, cartels and the abuse of power through price fixing, tied selling, market restriction etc. Another important set of duties concern the prevention of selling malpractices: fraud, false advertising, deception on price, quality or redress, planting fake reviews on web sites and other measures that harm competition.
6. **Robust and Independent Consumers Associations.** Advocacy is a vital component of market progress. Government regulators are sometimes not well placed to change legislation even when an improvement is obvious to them from deep experience. Politicians regularly receive one-sided or carefully-framed appraisals from interested parties, mostly from existing sellers who may not be eager to see changes that harm them, even if most people can benefit. Associations designed to empower consumers provide a balance that may allow the country to set up incentives that encourage dynamic changes for better market outcomes.

II. Links to International Consumer-Interest Organizations

The worldwide web accelerated access to international goods and services with novel business to Consumer (B2C) offerings. It also facilitated a burst of new consumer to consumer (C2C) exchanges. International consumer cooperation was already crucial well before the web era to share effective empowerment policies whenever one country succeeded. Standard-setting has been important to consumer well-being. Coordination was – and is – important to try to overcome the difficult challenges to get consumer interest included in trade treaties. International redress always needed attention. The web has abruptly increased concern over consumer privacy.

Fortunately, the web has abruptly decreased the cost of international sharing. There can be disagreement over the most useful sources of research and policy. My judgement is based on research and advocacy experience in some two-dozen wealthy and lower income countries, adjusted by counsel from Michael Jenkin, former Head of the OECD Committee on Consumer Policy. Here is a Kerton-call which well may be adjusted in the future. Links are provided to eight highly valuable web sites of international consumer policy organizations. Each site leads to more specific links to evidence-based policies to improve consumer health and safety, or to advance consumer success with price and quality, or to enhance protection from fraud, fake reviews and other deceptive selling practices

1. **Consumers International (CI)** www.consumersinternational.org
The world federation of consumer organizations, founded 1960, has 240 member-organizations from 120 countries and most are membership-based consumer NGOs. CI operates several important international campaigns on matters like privacy, trade, safety and sustainability. The CI site contains research and policy links on trade, digital economy etc.
2. **OECD Committee on Consumer Policy (CCP)** <http://www.oecd.org/sti/consumer/workofthecommitteeonconsumerpolicy.htm>
The CCP conducts and commissions rigorous research and proposes policy initiatives for consumer protection agencies in 35-member countries (chiefly in the EU, N. America, Australasia and Japan). The site links to current challenges and provides a vital *Consumer Policy Toolkit*. The CCP publishes research on empowerment, consumer protection policies incl. privacy, green choices, behavioral economics, and satisfaction measures, among others.
3. **International Consumer Protection Enforcement Network (ICPEN)** www.icpen.org
Established in 1992, ICPEN consists of governmental competition agencies sharing up-to-date policies for addressing (a) deception and harmful selling practices, and (b) monopolies/ cartels / predatory tactics like refusal to deal, barriers to entry, temporary pricing to bankrupt a potential entrant fake product reviews, etc. ICPEN examines incentive systems including penalties and appropriate redress measures. ICPEN includes some 60 countries.
4. **The European Consumer Organization (BEUC)** <http://www.beuc.eu/>
BEUC, based in Brussels, represents 41 national consumer associations covering 30 European countries. From 1992 BEUC has had a unique duty to provide consumer interest research to the European Commission. The BEUC web site provides specific links to evidence-based research on trade, food, safety, privacy, financial services, competition, online sales etc.
5. **International Financial Consumer Protection Organization (FINCONET)** www.finconet.org

The international organization of supervisory authorities for financial consumer protection. Est. in 2013, FinCoNet has 23 member-countries in 2018 (plus observers). Best practices are shared.

6. **International Academy of Financial Consumers (IAFICO)** <http://www.iafico.org>
IAFICO includes academics and protection organizations for financial consumers. It researches successful policies for consumer protection. IAFICO has held a Global Forum for Financial Consumers (GFFC) each year from 2014 and provides links to research projects. IAFICO recently created the *International Review of Financial Consumers*.
7. **American Council on Consumer Interests (ACCI)** www.consumerinterests.org Since its founding in 1953, the ACCI has been an interdisciplinary forum for consumer research, education, and policy. ACCI supports research through the *Journal of Consumer Affairs* and, since 1955, annual conferences. The ACCI has had an International Committee since the 1980s and the organization now has members in ten countries.
8. **International Organization for Standardization (ISO – COPOLCO)** www.iso.org/iso/copolco
The consumer policy advisory committee for ISO, the International Organization for Standardization. ISO, based in Geneva, develops international standards with 73 countries.

III. A Research and Policy Partnership Experiment in Canada

Public Policies on Consumer-Interest Research: A Partnership Approach. The ‘blue sky’ approach to research is a proven success. It is, however, a method that sometimes results in poor policies, some of which place unconscionable burdens on consumers (thalidomide, for example, or Facebook’s stealth abuse of privacy). The academic version of blue sky research often relies on an academic to identify a research need and to deploy analytic methods to a standard that is checked by expert referees in that discipline. The strength of the academic method is rigor ... with results shared (not very broadly) in a disciplinary journal. Alternative methods use a team approach. A Canadian experiment to consumer-interest research creates a different type of team: an interdisciplinary group, yes, but one that also includes *consumer advocates* (four consumer NGOs) and *experienced policy experts* (in consumer protection agencies and a standards body). These broader inputs are included throughout the research process: from the formulation of research projects, in the training of graduate students and in the assessment of proposed policies. This is a richer way to choose topics, to train new research capability and – at annual workshops – to include academic rigor along with practical advice from veteran policy experts.

This Partnership provides (a) timely “alerts” about immediate and challenging problems, mainly from consumer NGOs; (b) rigor from academic methodologies in many appropriate disciplines; (c) valuable practical input from consumer protection agencies and from a national standard-setting body; and (d) experiential learning for graduate students working with consumer NGOs or consumer protection agencies. Partners in the Canadian research initiative are: (i) NGO’s: Consumers Council of Canada, Option consommateurs, Public Interest Advocacy Centre, Union des Consommateurs; (ii) universities: University of Waterloo, Ryerson University, Université Laval, University of Alberta, Guelph University, and McGill university; (iii) consumer protection agencies: Canada, Office of Consumer Affairs of the Ministry of Innovation, Science and Economic Development ISED Canada, Financial Consumer Agency of Canada, Office de la protection du consommateur Québec, and Ontario’s Ministry of Government and Consumer Services; plus (iv) a Canadian Standards Association - now called CSA Group - representing thousands of firms and organizations in Canada and in 14 other countries).

Measuring results of policy-oriented research. When we search for evidence-based solutions with inputs from consumer advocates, experienced policy administrators and academics who examine consumer well-being it is no surprise that practical policies become more evident. It is an example of a maxim Yogi Berra is said to have offered: “You can see a lot, just by looking.” The point to partnering is not merely to add more eyes - but to add eyes trained to look in different places. To assess the partnership initiative, seven benchmarks are useful.

1. **Research with dedicated policy focus.** The multidisciplinary PPOCIR team of advocates, academics and policy veterans has produced 70 studies directed at consumer policy. All these studies have benefitted from appraisal suggestions at one of the partnership’s workshops.

<http://ppocir.uwaterloo.ca/ppocir-knowledge-centre/> or <http://ppocir.uwaterloo.ca/fr/ppocir-knowledge-centre/>

2. **Increased research capability for the future.** By the end of 2018 the program will have trained more than two dozen bright graduate students to conduct research on important policy issues affecting consumers. Examples of enlightened studies are: the research of Shannon Allen of the University of Alberta on “Disruptive Technology in the Food Services Industry,” or the green study by Pascale Marceau of Université Laval on “L’influence d’une campagne de sensibilisation au tri des déchets sur les comportements des consommateurs,” or the research of Lukas Parker of Ryerson University on “The Construction and Regulation of Trust Mechanisms in the Sharing Economy.”

3. **Shared learning from many perspectives.** No doubt the Partnership encouraged self-selection toward experts who were not excessively enamoured by the methods of any single discipline nor any sole source of evidence. Very quickly the team developed a remarkably robust partnership among consumer NGOs, consumer protection agencies, policy agencies, and academics from many disciplines. A clear example was provided at the 2016 workshop arranged by our partner, the Financial Consumer Agency of Canada with the US Consumer Financial Protection Board. In a sample size of 540,000, a tiny reward (\$10.00 to be received after three months) was sufficient to increase savings behavior. Item 6 at <http://ppocir.uwaterloo.ca/wp-content/uploads/2017/04/2016-PPOCIR-SUMMARY-Workshop-English.pdf>

4. **Original research surveys.** Support from a Partner (the Office of Consumer Affairs of the ISED Ministry) funded three comprehensive research survey papers on challenges and opportunities for consumers in the new economy. These reviews are general enough to benefit consumer experts in any country and they provide remarkable insight into consumer policy issues that have recently come to prominence.

Survey 1: [An Overview of the Behavioural Sciences for Public Policy Oriented Consumer Interest Research](#) Professor Dilip Soman, University of Toronto.

Survey 2: [An Overview of Technology Law from a Public Policy Oriented Consumer Interest Research Perspective](#) Professor Michael Geist, University of Ottawa.

Survey 3: [Business Management Sciences Disciplinary Survey on the intersection of new internet/ICT business models and consumer protection](#) Professor Kernaghan Webb, Ryerson University.

5. **Creation of a New Academic Research Network.** The new network is inter-disciplinary. Researchers who may not have known of each other’s work were interested in research conducted in the consumer’s interest. The common purpose among some 50+ researchers encouraged sharing of evidence-based knowledge. <http://ccird.uwaterloo.ca/researcher>

6. **Early warning alerts for policy.** Consumer NGOs serve as an early warning system by identifying defects in legislation or new issues needing research and policy attention. One example, identified by Canada’s Public Interest Research Centre (PIAC) is “Risky Business? Online peer to peer lending in Canada from the Consumer Perspective,” by Ryan MacNeil, University of Ottawa; supervised by Professor Marina Pavlovic of the University of Ottawa and John Lawson, Executive Director of PIAC. When an issue is identified by a consumer NGO, the Partnership can help an NGO make use of robust evidence. Further, the alert can lead to practical information from policy administrators in partnership workshops.

7. **Reduced policy lags.** Three lags are a normal component of policy progress. The *recognition lag* consists of the time it takes political agents to agree a new problem needs attention. The *implementation lag* covers the time it takes to act on the issue, sometimes including a span of time to a date when sellers will be covered. The third delay, the *operational lag*, applies to the time it takes for policy incentives to result in action. In the Partnership model NGOs and policy-makers are already fully included. The partnership model is not a panacea for all consumer issues, especially those where powerful special interests are dominant, but the inclusion of NGO advocacy groups, consumer empowerment agencies, standards experts and academics has real advantages compared to more isolated research initiatives. This is especially true for reducing policy lags between the identification of a research need and a policy that is operational.

IV Conclusion

For consumer success in making choices, a complete set of complementary institutions is needed. The six identified above are not traditional 'consumer protection' measures (e.g.: a rule to ban an ineffective or dangerous pharmaceutical). The six are all "empowerment policies." Empowerment allows a consumer to make successful choices in markets that otherwise can be opaque and/or complex. Now that markets are worldwide and webbed, it is even more important to have access to international institutions designed to provide consumers with the "control" essential to empowerment. In the non-exhaustive list above, perhaps ICPEN is the most general example. ICPEN shares information among 60 member-countries, on successful policies to reduce the power of harmful monopolies and, importantly, to deal with deceptive selling practices. With all international institutions, sharing can reduce policy lags. Promising results are evident from a Canadian experiment to develop consumer-interest policies. This paper explains how empowerment can be advanced by a research method that is interdisciplinary **and** includes, as partners: consumer NGOs, consumer protection agencies, and experts on standards and academics from many universities. If this method is expanded to include international researchers, we could see even more solutions. Optimistically, inclusion can provide, by 2020, 20:20 vision on consumer empowerment.

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