Priorities for the EU Consumer Policy for 2014-2020

Summary

The article presents the issue of consumer protection and the role which education can play in raising consumers’ awareness with regard to their rights and the possibilities concerning pursuing their claims. The author discusses priorities of the 2014-2020 EU Consumer Policy in the light of the policy adopted for 2007-2013. Consumer awareness plays an important role in the effective implementation of consumer policy. The paper presents the results of the study carried out for the research project “Consumer Protection and Education in Selected Services Markets”. As the research shows, the level of awareness of Polish consumers is low, which results in the lack of proper concern for consumer rights, lack of knowledge about consumer institutions and organisations as well as underestimation of the role which primary schools and lower secondary schools play in educating consumers.

Key words: consumer policy, consumer protection, education, consumer awareness.

JEL codes: D18

Introduction

The issue of consumer protection and education occupies an important place in the policy pursued by the European Union. The consumer protection policy is an element of the single market and an important area of the activity of the European Commission, in addition to other policies: i.e. competitiveness policy, trade, industrial, agricultural, transport, environmental and regional policies. Empowering consumers, enhancing their welfare and ensuring the effective protection of their rights are the main directions of the EU Consumer Policy Strategy 2007-2013. The EU consumer policy, which is being currently implemented and is to be executed in 2014-2020, refocuses on the results that are beneficial for consumers with regard to improving the quality of their lives. One of the priorities of the policy is to establish regulations concerning extrajudicial dispute resolution methods which allow for simple, fast and relatively inexpensive ways to solve problems which may arise in business-to-consumer relations. Much attention was paid to collective interests of consumers.

As rightly emphasised, self-confident and well-informed consumers who are well aware of their rights and options are the driving force of economic growth. But the strength of consumers is determined by their knowledge of consumer rights, the ability to use and enforce them when they are violated.
An important place in meeting contemporary consumers’ needs is occupied by services. Therefore, they also play an increasingly important role in shaping consumer policy and, more and more frequently, legislative solutions concerning consumer protection are dedicated to this sector.

The article presents selected results of the study on consumer awareness.

The EU Consumer Policy for 2007-2013

Despite the fact that the European Union consumers constitute more than 501 million citizens and consumer spending on goods and services accounts for 56% of the EU GDP, the strength of the consumers in different areas of consumer life still is not fully exploited.

Most consumers do not have enough self-confidence to feel as a partner in relation to a business, to effectively assert their rights or to make purchases or sales across borders. Being aware of the inequality of consumers in relation to a business, the consumer policy pursued by the European Union aims to strengthen consumers’ position through eliminating the fragmentation of the internal market, improving the functioning of the retail markets and providing consumers with a wider range of options. In forming the policy, the EU addresses such values as justice, openness, solidarity and transparency.


1. Strengthening the position of the UE consumers by providing them with reliable information and increasing market transparency and trust which is based on effective consumer protection. Ensuring the decisive role of consumers is beneficial for all citizens, and it also significantly enhances competition. Empowered consumers need reliable information and confidence which is based on effective protection and stable law.

2. Increasing consumer welfare in relation to the prices, selection, quality and safety. Consumer welfare is at the heart of well-functioning markets.

3. Effective consumer protection from serious risks and threats that they cannot tackle themselves. A high level of protection against these threats is essential to consumer confidence.

Effective enforcement of the regulations in order to build the European market for consumers requires special attention to be paid to:
- fair trade practices;
- misleading advertising and comparative advertising;

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1 Quantitative research for the research project of Consumer Protection and Education in Selected Services Markets (Ochrona i edukacja konsumentów na wybranych rynkach usług) was conducted on a representative sample of 1002 adult Poles living in cities with populations of more than 100 thousand residents. The study was conducted by ABM sp. z o.o. in November-December 2011. The project, which was funded by National Science Centre (Narodowe Centrum Nauki) in 2010-2011, was carried out at the Institute for Market, Consumption and Business Cycles Research. The author of the article was the manager of the project.
- ways of indicating prices and labelling;
- unfair contract terms;
- mail order and mobile sales;
- timeshare (the right to use things, mainly property – e.g. a tourist resort, hotel, guest house, apartment – at specific, regular intervals every year) and package tours;
- travellers’ rights;
- nutrition and health;
- new foods;
- food ingredients and packaging.

In the currently pursued consumer policy an important role is played by services. The fact is being reflected in legal regulations concerning the liberalisation of public services such as transport, electricity and gas supplies, telecommunications and postal services as well as other services, especially banking. Much space is devoted to the economic interests of consumers.

The aim of the European Commission is to show to all EU citizens that they can make purchases across the EU, with equal certainty and always under the same protection, and to all retailers that they can sell their products throughout the EU based on a simple set of rules.

Paradoxically, the dynamic development of trade in recent decades represents a significant challenge for consumers (especially countries with less seniority as Member States), businesses and consumer protection. The dynamic development of e-services and progressing globalisation increase the need to ensure effective market surveillance and consumer protection.

Implementation of the EU consumer policy focuses on five priority areas which include:

1. **Better monitoring of consumer markets and national consumer policies** – ensuring better regulatory environment and better contact with the EU citizens. This requires a greater effort aimed at developing monitoring tools and indicators used to assess the functioning of the market from the point of view of consumers. A better understanding of consumer behaviour will help to develop better and more effective legal regulations. It is necessary to monitor the markets with regard to safety, consumer satisfaction, prices and the issue of handling complaints. The Commission has created a new tool for monitoring the internal market, i.e. the European Markets Scoreboard for goods and services\(^2\). Its objective is to assess the operations in the internal market from the point of view of consumers. The following five indicators have been applied: consumer complaints, price levels, consumer satisfaction, change of suppliers and the safety of products and services. The first table of results has revealed some improper activity of consumer markets. It turned out, for example, that the EU retail internal market integration is still far from a success.\(^3\)

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2. **Better legal regulations in the field of consumer protection** — the applicable EU regulations in the field of consumer protection provide consumers with basic protection in all Member States. Many of them are the cornerstone for shaping consumer protection system. The effect of these actions is the strengthening of the position of consumers in the market and encouraging them to exercise their rights. For instance, today’s consumers are more and more likely to return a faulty product purchased in the past 12 months. The ongoing digitisation, whose participants are consumers, requires alignment of the EU regulations to the new situation. The European Commission aims to standardise legislative solutions in individual Member Countries. On 10 October 2011, a new Consumer Rights Directive was adopted, and the Directive is to provide a reconciliation of the interests of sellers and consumers. Its main objective is to increase the transparency of consumer rights in cases of more and more popular mail order and trade via the Internet.  

3. **Better enforcement of the law and more effective pursuing of claims** — in *Consumer Policy Strategy for 2002-2006*, the aspect related to law enforcement was already strongly emphasised. The presented priority is one of the most important aspects accepted for implementation in the EU. The application of the consumer law requires actions on the part of many stakeholders: consumers, retailers, the media, non-government consumer organisations, self-regulatory bodies and public authorities. The activities will focus on the implementation of the initiatives that have been started, filling the remaining gaps and ensuring coordination and coherence. The Commission will also monitor the effectiveness of national regulatory systems through surveys and other tools.  

4. **Better informed and educated consumers** — it is one of the fundamental rights granted to consumers, regardless of their place of residence. It is worth mentioning that on 15 March 1963, President John Kennedy in his speech in the U.S. Congress referred to the draft of the bill on consumer rights protection. He formulated the four following basic consumer rights: the right to be informed, the right to choose, the right to safety and the right to be heard (Dąbrowska, Janoś-Kresło, Ozimek 2005). The priority is the result of close cooperation with the EU Member States and the actions at the national, regional and local level which are designed to inform and educate consumers. A special role is played by the European Consumer Centres Network as a contact point of the EU and consumers (European Consumer Centre was established in Poland in January 2005.

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4 The new Directive shows ten basic benefits for consumers across the EU: 1) elimination of hidden costs – it concerns services offered by some salesmen and falsely described as free, 2) transparency of prices – the product or service offer will have to indicate all price elements, 3) blocking filled orders in advance – for example, when you buy a plane ticket, the vendor will not be able to treat additional purchase services such as insurance and car hire as default options, 4) 14 days for cancellation of a purchase. It is now seven days in the case of regular sales and 10 days for off-premises sales (e.g. the Internet), 5) a refund for the product – within 14 days of the cancellation by the consumer. The repayment amount will also cover shipping costs, 6) a form for a declared return will be prepared and used in the case of cancellation, 7) the hotline connection is to be established at the cost of a regular phone call, and the use of credit cards cannot incur additional fees charged by the seller, 8) costs of returning bulky goods (e.g. furniture) must be determined in advance before buying the product, 9) the sale of digital products (such as music or movies) will have to indicate their compatibility with hardware and software, as well as copying conditions, 10) the introduction of uniform rules for small businesses (e.g. no disclaimer in case of urgent repairs and maintenance. Member States until the end of 2013 need to adjust their own legal regulations in accordance with the new directive, and the deadline for implementation of these provisions is defined as 6 months from the date of publication. New rules will therefore be fully implemented across the EU by mid-2013. See: http://europa.eu/legislation_summaries/consumers/consumer_information/l10140_pl.htm
based on the model of the existing facilities of this kind in the EU, www.konsument.gov.pl).

Poland attaches increasing importance to strengthening the position of consumers in the market through educational activities carried out at different levels of education by various institutions, organisations, institutes and universities.

5. **Consumers in the heart of other EU policies and regulations** – as already mentioned, many of the policies implemented by the EU have a direct impact on consumers, especially those policies relating to the services sector. As it is frequently emphasised, liberalisation of essential services has delivered considerable benefits to most consumers. Prices and their affordability are essential for both modern economy and social integration, because they guarantee service availability. It is a condition limiting the phenomenon of “service exclusion”. Basic services also need stronger guarantees concerning market transparency and better mechanisms for handling complaints and pursuing claims. Monitoring service markets, as the author mentioned earlier, will be helpful in the case of these activities.

Actions taken at the EU level are reflected in the assumptions for *Consumer Policy for 2010-2013* adopted for implementation in Poland. The President of the Office of Competition and Consumer Protection (UOKiK) is responsible for shaping the consumer policy. The main objectives set out by the President are: development of the safe and consumer-friendly market, development of the consumer dialogue, strengthening of self-regulatory mechanisms, creation of an effective system of counselling and pursuing consumer claims, initiation of legislative changes and an active policy of education and information (*Consumer Policy for 2010-2013... 2010*).

**Consumer Programme 2014-2020**

The European Commission has outlined the guidelines for 2014-2020. Their goal is to further increase public confidence in the purchase and sale in the single market. In the *European Consumer Agenda* (2012), the following four main objectives have been identified:

1) increasing confidence through enhancing consumer safety,
2) widening knowledge,
3) more effective enforcement of regulations,
4) ensuring the possibilities of pursuing claims through adjusting consumer rights and policy to the changes taking place within the society and economy.

*European Consumer Agenda* aims to promote the economic interests of consumers in the markets covered by the monitoring (Consumer Markets Scoreboard for markets, goods and services\(^5\)), in particular in the area of:

- **food** – to ensure safety and sustainability;
- **energy** – for consumers to attain greater economic benefits in a liberalised market and to be able to manage energy consumption more efficiently;

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- financial sector – in order to protect the financial interests of consumers and providing them with tools to manage their finances;
- transport – in order to adapt legislation to the modern ways of travel and the mobility in accordance with the sustainability principles;
- digital sector – in order to solve problems faced by consumers and protect them on the Internet.


175 million euros is provided for its implementation (in constant prices of 2011) (Regulation of the European Parliament and the Council establishing 2011).

A new consumer protection programme aims to contribute to place a consumer with a strong position in the heart of the single market. This requires ensuring the safety of consumers and protection of their economic interests.

The actions foreseen under the programme will help achieve the following four specific objectives:

1. Safety: improving and increasing product safety through effective market surveillance throughout the EU.
2. Information and education: raising the level of consumer information, education and awareness concerning their rights, developing information base for the needs of consumer policy, and providing support to consumer organisations.
3. Rights and pursuing claims: strengthening consumer rights, in particular through regulatory actions and improving access to enforcing claims, including alternative dispute resolution.
4. Respect for the law: supporting enforcement of consumer rights by strengthening cooperation between national authorities responsible for the enforcement of law and supporting consumers by means of counselling.

Poland is also involved in the formation of consumer policy at the EU level. It is reflected in the priorities of the Polish Presidency in the Council of the European Union. When referring to the consumer policy the attention has been paid to barriers to its effectiveness, namely: 1) lack of consumer confidence in cross-border trade, 2) legal barriers, 3) administrative barriers, 4) differences between Member States in terms of regulations of consumer contracts and the issue of pursuing claims.

At the same time attention has been paid to the fact that Europe needs new sources of growth, and the policy of consumer protection is one of key areas that can contribute to the realisation of the overreaching objective of the Europe 2020 strategy, which is to provide intelligent, sustainable development supporting social inclusion.

Priorities of Polish Presidency in the Council were presented in the document Programme of the 6-month Polish Presidency in the Council of the European Union in the second half of 2011, adopted by the Council of Ministers 31 May 2011. Poland took over the Presidency on 1 July 2011.
The President of the OCCP (UOKiK) emphasised that the realisation of the process requires the involvement of consumers but they need to be aware of their rights and well protected.

The level of consumer awareness in the light of research results

A study conducted for the research project *The Protection and Education of Consumers in Selected Services Markets* among consumers living in the cities with more than 100 thousand residents (including Warsaw) points to the general low interest in consumer rights. More than one in four respondents (26%) is not interested in the issue, and nearly 60% heard something about it but they are were not interested in their rights in more detail. We may conclude that the level of consumer awareness tends to increase along with education and professional prestige. The people who were more interested in consumer rights and those looking for information on the subject were often people aged 36–55, with secondary and higher education, in managerial positions.

Many studies, including the author’s study, show that Polish consumers are characterised by a low level of knowledge about the institutions and organisations dealing with consumer rights protection (Dąbrowska, Janoś-Kresło, Ozimek 2005; Dąbrowska, Janoś-Kresło 2007; Dąbrowska, Gutkowska, Janoś-Kresło, Ozimek 2010). Unfortunately, the results of this study do not indicate a high level of knowledge in this area, either. Responding spontaneously, 48% of respondents said that they did not know the state and local government institutions and consumer organisations which deal with consumer protection and education. A better picture of the Polish consumer is presented with structured responses – ref. Figure 1. The percentage of the people who do not know the institutions decreased to 6%, i.e. eight times.

The obtained results induce us to reflect that raising consumer awareness requires educational activities, because institutions and consumer organisations are the source of information useful in the decision-making process concerning purchases and when looking for information or help to enforce consumer rights if they feel after-purchase discomfort.

Consumer education is a way to maintain the balance of power between market participants. Almost two thirds of the respondents expressed the opinion that in Poland there are more and more institutions and organisations dealing with consumer protection and education but it can be said that the responses were intuitive rather than supported with knowledge about them or general awareness.

According to the respondents, the main burden of responsibility for education activities lies with the government institutions: OCCP (UOKiK), the Trade Inspection (Inspekcja Handlowa), the Office of Electronic Communications (UKE)) and the European Consumer Centre – Figure 2. Interestingly, few of the respondents attributed the educational role to schools at primary and lower-secondary levels. Perhaps the low level of consumer awareness does not stimulate reflection that the training in being a consumer, an informed consumer, should start already in a kindergarten.
Figure 1

Spontaneous and prompted awareness of the institutions and organisations dealing with consumer protection and education (% of indications)

Source: the author’s own research, December 2011.

Figure 2

Respondents’ opinions on whether they are familiar with the information about consumer protection (%)

Source: the author’s own research, December 2011.
The lack of interest in the consumer rights issue also results in the fact that only half of the respondents are familiar with the information concerning consumer protection. Most frequently, in the opinion of the interviewees, the information concerning this issue was on television (53%), on the Internet (48%) and in the press (44%).

The modern consumer may obtain a lot of information on consumer rights protection via the Internet. Valuable initiatives and educational campaigns increasing consumer awareness are undertaken by the Office of Competition and Consumer Protection (available at www.uoki.gov.pl), the European Consumer Centre (www.konsument.gov.pl), the Association of Polish Consumers (www.skp.pl), the Consumer Federation (www.federacja-konsumentow.org.pl) and others.

It is worth noting that in the opinion of 65% of respondents there is a need to create a magazine dedicated to consumer affairs (it is definitely or rather needed). However, the existence of the publication will not change the level of interest in consumer rights, especially if the price is not accepted by a larger group of readers. In the past, there were such magazines in the market but the interest in them was too little, which did not allow publishers to continue to release the title.

**Conclusion**

To conclude presented considerations, the author would like to quote the opinion of the Committee of Regions concerning the assumptions for “2014–2020 Consumer Programme”.

The Committee of Regions supports the objective of strengthening and developing a system of consumer protection in the EU, which is a prerequisite for the effective and efficient functioning of the single market. The budget of 197 million euros was considered too modest, as it does not correspond even to 5 cents per individual European consumer. Because of the risks associated with the globalisation of the production chain, the national authorities should work together more effectively in order to prevent the emergence of dangerous products in the single market and take the necessary action every time it occurs. An important role is assigned to local and regional governments, because they have closer contact with the public. Their actions should be supported by the European Commission. Also, emphasising logistic aspects of education in raising consumer awareness, with the respect for the division of powers, is considered to be fundamental. The curricula in particular school systems differ considerably, both in terms of the subject matter and methods. Therefore, it is recommended to develop coherent and consistent teaching materials in the field of consumer protection, disseminating the knowledge tailored to different levels of education. An important issue was to strengthen the support for consumer protection associations.

The authors express a concern that although the European Commission has already announced in the consumer protection programme for 2007-2013 taking actions in the field of class action mechanisms in the case of violation of consumer protection regulations, no legislative proposal has yet been prepared.

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Priorytety polityki konsumenckiej UE na lata 2014-2020

Streszczenie

Artykuł poświęcony jest problematyce ochrony konsumentów i roli, którą może odegrać edukacja w podnoszeniu świadomości konsumentów na temat przysługujących im praw i dochodzenia roszczeń. Omówiono priorytety polityki konsumenckiej Unii Europejskiej na lata 2014-2020 na tle realizowanej strategii polityki przyjętej na lata 2007-2013. Ważne miejsce w skuteczności wdrażania polityki konsumenckiej odgrywa świadomość konsumencka. W artykule przedstawiono wyniki badania przeprowadzonego na potrzeby projektu badawczego Ochrona i edukacja konsumentów na wybranych rynkach usług. Jak wynika z badań, poziom świadomości polskich konsumentów jest niski, co skutkuje brakiem należytego zainteresowania prawami konsumentów, nieznajomością instytucji i organizacji konsumenckich, a także niedocenianiem roli szkół na poziomie podstawowym i gimnazjalnym w edukowaniu konsumentów.
Приоритеты потребительской политики ЕС на 2014-2020 гг.

Резюме

Статья посвящена проблематике защиты потребителей и роли, которую может сыграть обучение в повышении сознательности потребителей в отношении присущих им прав и взысканий по притязаниям. Обсудили приоритеты потребительской политики Европейского Союза на 2014-2020 гг. на фоне осуществляемой стратегии политики, принятой на 2007-2013 гг. Важное место в эффективности внедрения потребительской политики играет сознание потребителей. В статье представлены результаты исследования, проведенного для нужд исследовательского проекта «Защита и обучение потребителей на избранных рынках услуг». Как вытекает из исследований, уровень сознательности польских потребителей низок, что приводит к отсутствию надлежащей заинтересованности правами потребителей, к незнанию потребительских учреждений и организаций, а также к недооценке роли начальных школ и гимназий в обучении потребителей.

Ключевые слова: потребительская политика, защита потребителей, обучение, сознательность потребителей.

Коды JEL: D18

Artykuł nadesłany do redakcji w styczniu 2013 r.