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. Ten Characteristics of Consumer Counseling in 1998

JCIC collects information on consumer counseling cases that are brought to local consumer information centers across Japan through PIO-NET (Practical Living Information Online Network System) on an online basis.

These centers receive a large number of counseling cases each year, and as of October 31, 1998, the total cumulative number of cases had reached about 2,920,000. This database can help us identify consumers' concerns and interests, as well as trends in consumer problems.

JCIC identified ten characteristics of consumer counseling by analyzing the database built up through PIO-NET in 1998. The characteristics were very diverse, showing the increased interest in consumer counseling for the year. Here is a summary of what we found:

1 . The total number of consumer counseling cases continued to increase for the 7th year in a row, but the rate of increase has slowed down.

The number of counseling cases in 1998 in PIO-NET as of the end of October was about 280,000, which represents an increase for the seventh year in a row since 1992.

However, the annual rate of increase slowed down from more than of 20% in the preceding two years to 5.8% for 1998.

Among the counseling cases, cases related to selling method, contract/cancellation, and others "related to transactions" were most numerous, accounting for about 80% overall.

2 . Counseling cases related to multiple debts, side business sales, and others stemming from the economic slowdown increased.

As the economic slowdown has worsened, counseling cases that reflect the recession have been increasing.

With regard to counseling cases involving multiple debts that keep on increasing, the top cause changed from "purchase of luxury goods" in the survey of seven years

ago to "living expenses" in 1998, reflecting the economic recession.

Similarly, dubious selling methods have risen sharply in number. One example is the selling of working from home to which consumers are enticed with promises of "good income" and "lots of work," but end up having to sign a contract to buy expensive equipment and pay a substantial registration fee.

Another is pyramid and quasi-pyramid sales and schemes which also solicit unsuspecting consumers on the promise of "making a lot of money."

3 . Number of counseling cases related to financial matters increased including those related to international financial products.

The number of cases related to financial and insurance services increased by 21.6% in 1998, which is lower than the rate of increase in the preceding year which saw the collapse of a number of major financial institutions, but the rate of increase is still substantial.

The following factors lie behind such cases: [1] Ripple effects and consequences stemming from the collapse of banks and other financial organs; [2] an increase in the number of counseling cases related to financing and multiple debts; and [3] the increasing number of inquiries related to "international financial products" (foreign bonds, overseas investment trusts and mutual funds, etc.) that are attracting attention as Japan's financial industry undergoes the "Big Bang."

4 . Counseling cases on pyramid and quasi-pyramid sales continue to increase.

Inquiries and complaints about pyramid and quasi-pyramid sales increased by 38% compared to the same period in the previous year (up to end of October).

The specific contents of counseling in this area ranged from "I am being solicited to join the sales organization of such and such a company. Can I trust them?" to serious cases such as "I was pulled into pyramid and quasi-pyramid sales, and borrowed a lot of money from consumer finance companies, etc., and ended up with multiple debts."

The increase in counseling cases is due to the growth in the number of consumer counseling cases related to newly emerging organizations, in addition to cases concerning existing organizations.

A prominent characteristic is that the ratio of people in their 20's concluding such a contract exceeds 50%, which indicates that younger people tend to be more vulnerable and susceptible to this type of selling, and to become victims more easily.

Also, use of the Internet by both new and old organizations for soliciting participation has been increasing.

5 .Frequent troubles related to telephone information services

In recent years, complaints about telephone information services have been on the rise. In particular, consumer troubles stemming from "Two-Shot Dial" (a service that connects men and women who call a specific number, for so-called "telephone dating") and information services that use overseas telephone calls have risen dramatically.

Of these, with regard to "Two-Shot Dial," even though the person who actually uses it is obligated to pay for the service, in many cases, the actual users cannot be identified, so the owner of the telephone line (the telephone service subscriber) is billed for the usage fee.

This naturally causes troubles between the owner and the telephone information service provider.

In the case of information services that make use of overseas telephone calls, it is stipulated in the conditions that the telephone subscriber must pay for the telephone call charges, and so even if the subscriber himself or herself did not use the service, the telephone charges incurred for the service will be billed to the subscriber, causing trouble between the subscriber and the telephone information service provider.

Among such cases, there are some where the actual users are family members, but in other cases, third-parties or even total strangers have been found to use the service without approval.

Even after investigation, the actual user cannot be identified in some cases.

6 . Sharp increase in number of troubles accompanying spread of Internet use

With the widespread dissemination of the Internet, consumer counseling cases related to the Internet have shot up drastically.

Common cases include: [1] Pyramid investment scheme using Internet; [2] Troubles related to transactions using Internet; [3] Troubles caused by advertising that mislead consumers; [4] Economic loss caused by theft or illegitimate use of password and/or credit card number troubles related to privacy, such as misuse or publication of private information and slander/libel, etc.

While these complaints and troubles do not differ in essence from conventional types of consumer troubles, they utilize the characteristics of the Internet, and are becoming more sophisticated and clever.

Also, counseling cases related providers, whose services individuals need in order to connect to the Internet, have emerged, such as: "It is hard to establish connection (the lines do not connect)," "The access point nearby has been withdrawn," "The company has gone bankrupt," and so on.

On the other hand, as the Internet spreads, there are attempts to make non-users

feel they are missing out by not using the Internet, or to exaggerate the powers of the Internet.

Such measures are designed to sell equipment and software, Internet courses and educational materials, etc., using by telephone solicitation, so-called appointment sales method, (consumers called out by telephone to a coffee-shop or sales office and pressured to sign a contract) and quasi-pyramid methods. Such improper or unethical business methods have increased.

7 . Complaints about Deposits on Rental Housing Increase.

The total number of complaints about deposit money for rental housing in 1998 increased from 1997.

The following are examples: "When I moved from a rental apartment, the deposit was not returned, and I was billed for additional charges." "When I moved from a rental condominium, they said that the cost for new wallpaper would be deducted from the deposit. I cannot agree with this because it was not new when I first moved in." Thus, many of the complaints are related to refund of the deposit when moving out of rental housing.

Such complaints have increased due to heightening of consumers' insistence on cleanliness and hygiene in recent years, the growth of house-cleaning businesses for cleaning home interiors, and the resulting trend toward complete renewal of the interior by hiring a cleaning business each time the old tenant moves out, before the new tenant comes in.

Among some operators of rental housing, some take advantage of this trend by refusing to refund the deposit using the excuse of the need for house cleaning. The rise of management companies for apartments, etc. appears to be behind many such troubles.

8 . Complaints about housing quality rise.

Complaints about the quality and functional performance of both single-unit homes and multiple-units housing exceeded 5,000 (for all of Japan) in 1995, and continue to increase.

Looking at the contents of complaints, frequent ones include: "I purchased a new ready-built house, but immediately after the house was handed over, there was a terrible leaking of rainwater. Even after repeated repairs, the leak has not been fixed." "I built a house, but there were cracks in the foundation. When I complained to the construction company, they did some repair work, but I'm concerned about the durability of the foundation."

There were many similar complaints about rainwater leaks and defective construction

work.

Some reasons for the increase in number of counseling cases in this area is that after the Great Hanshin-Awaji Earthquake, media reports related to defective housing construction increased, and recently there have been reports on troubles related to housing sale companies funded by local governments, which has made many consumers anxious. This has an impact.

Furthermore, reports on the revision of the Building Standards Law in June 1998 fueled interest and concern about housing.

9 .Damages stemming from the so-called "sick-house syndrome" surface, mainly related to housing.

Calls and reports increased from consumers who said that after they had bought, rented, newly built, renovated, or redecorated a home, and moved into it, they were made ill by pollution of the home interior.

This is thought to be caused by chemicals substances (volatile organic compounds such as formaldehyde) in the building materials, paints, adhesive agents, etc. used in the construction work, which irritate the eyes and throats. This is called the "sick house syndrome." Bodily injury caused by this syndrome has been increasing rapidly since 1994, and such complaints totaled 196 cases in 1997. In 1998, complaints continued to be made, reaching 136 cases or 5% up by the end of October. If this trend continues, the total is likely to exceed 200 cases for the entire year.

10 .Consumers' interest on substances that disturb internal secretions and the problem of dioxin rises.

A new problem related to safety has emerged involving substances that disturb internal secretion including dioxin (in Japan, these substances are usually referred to as "environmental hormones").

This problem has attracted much attention, and counseling cases on this problem totaled 51 in 1997, but have jumped to more than 300 already for 1998.

Products for which there were a large number counseling cases were food utensils and food storage containers, wrapping film, and water purification devices, but there were also many counseling cases that did not specify particular products.

Most of such counseling cases related to consumers' "anxiety" and "worry about whether or not there is any harm," and such vague feelings. Cases related to "water purification devices" question the claim in the sales talk that such devices can "remove dioxin."

.Results of Product Tests Confectioneries That Use Xylitol

1 .What is xylitol?

Xylitol is a sweetener agent or sugar-alcohol which is made by extracting xylose from a substance called xylan, which is contained in the stems of white birch and corn, etc.

After xylitol was approved as a food additive in Japan in April 1997, there has been an increase in confectionery products that use this ingredient, including gums, candies, and soda candies ("tablets").

Many of these confectionery products claim to be good for the teeth. Is there a real difference between these products and conventional types of sugarless (confectionery) products (in terms of the effect on teeth)?

2 .Xylitol does not offer superior resistance to tooth decay

JCIC carried out product tests of 26 brands of gums, candies, and soda candies with regard to nutrition, resistance to tooth decay, and labeling.

The results showed that sugarless candies (both those that include xylitol and those that do not) do not easily produce tooth decay, but there was no observable superiority shown for xylitol.

3 . Some products use only a small amount of xylitol, even though the label claims to use xylitol

Many of these products emphasize that they use xylitol, but some contain only a small amount.

4 .Advice to consumers

In this test, it was found that all confectionery products with the label of "sugarless" tended not to cause tooth decay, but the level of effectiveness was about the same for both products containing xylitol and those that do not.

Thus, the label "sugarless" appears to be a more meaningful yardstick rather than the label "xylitol."

Sugar-alcohol, which is the main part of the sweetening agent used for "sugarless" products, is contained in many kinds of fruits and vegetables.

However, if a large quantity is ingested at one time, it may lead to temporary diarrhea. This is stated in the label of not only food products using xylitol, but also products that use other sugar-alcohols. We advise that consumers take a small amount at first.

. List of Product Tests in FY 1998

JCIC carried out comparative tests for 12 product items during FY 1998. The results and findings from these product tests were announced in a monthly magazine, "Tashikana-me" (Critical Eyes).

We will introduce the items that were announced for your reference.

Product Items Tested in FY 1998

Date of release	Tested products
1998.Apr.	Hair color
May	Electric Kettles
Jun.	Warm water showers attached to toilet seats
Jul.	Table-top type dish washers and driers
Aug.	Print-processed blouses and skirts of "Opal", "styrofoam" ,and "flock" types
Sep.	Gas water heating equipment with fully automatic "additional heating(oidaki)" function
Oct.	Women's lingerie that claims to be "thin and warm"
Nov.	Confectioneries that use xylitol
Dec.	Digital video cameras
1999.Jan.	Passenger cars that claims to be eco-friendly (cost-saving)
Feb.	Diet tea products that use "senna"
Mar.	Residues of dry cleaning solution on clothes