

**I. Overview of Consumer Counseling As Seen From PIO-NET In FY 1998**

1. Number of Cases Input Into PIO-NET in FY1998

During FY1998, a total of 407,972 cases of consumer counseling were input into PIO-NET (Practical Living Information Online Network System) perated by the Japan Consumer Information Center, from local consumer centers across Japan. This is about the same as the total number of cases received last year (101.9%). Also, the accumulated total number of cases since FY1984 stands at 3,166,161 (including 14,196 cases received thus far in FY1999, as of May 31, 1999). (See Fig. 1.)

2. Trend in Counseling Cases by Products and Services

When we classify these cases into the categories of "products," "services" and "other," 204,150 cases were related to "products," 197,541 cases to "services," and 6,281 cases to "other." Following the trend seen last year, the gap between the share of "products" and "services" became smaller, and they are now nearly the same: "products" account for 50.0%, while "services" account for 48.4%.

When we look at the composition of "products" and "services" by classification item, the number of counseling cases related to "cultural/entertainment products" was the largest group, although its ratio was smaller. This is followed by "household products" and "financial and insurance products" (see Table 1).

Also, the items that increased by more than 0.5% from the previous year are "cultural/ entertainment services" and "household products." In particular, the increase in the number of cases related to "cultural/entertainment services" has been dramatic.

This is due to the increase of cases related to "foreign language classes" with the impact of bankruptcies of English conservation schools as well as "courses to acquire certifications."

3. Type of Counseling Related to Products and Services

When we look at the type of counseling by classification, the largest number of counseling cases were "contract/cancellation," "selling method," "quality, function, and service quality," "price, fees," and "customer service," in that order (see Table 2).

The types of products and services for which there were many cases regarding the "selling method," were "cultural/entertainment products," "household products," and "cultural/entertainment services," all of which are often sold using special selling methods such as door-to-door sales and telemarketing. With regard to "contract/ cancellation," in addition to those types mentioned in relation to the "selling method," there were many cases related to "financial and insurance services" such as consumer finance companies. As for "price, fees," the largest number of cases were cases related to "cultural/entertainment products," "household products," and "rental, and lease services;" for "quality, function and service quality," the largest number of cases were for "household products" and "cleaning."

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Fig. 1 Trends in the number of counseling cases, year to year

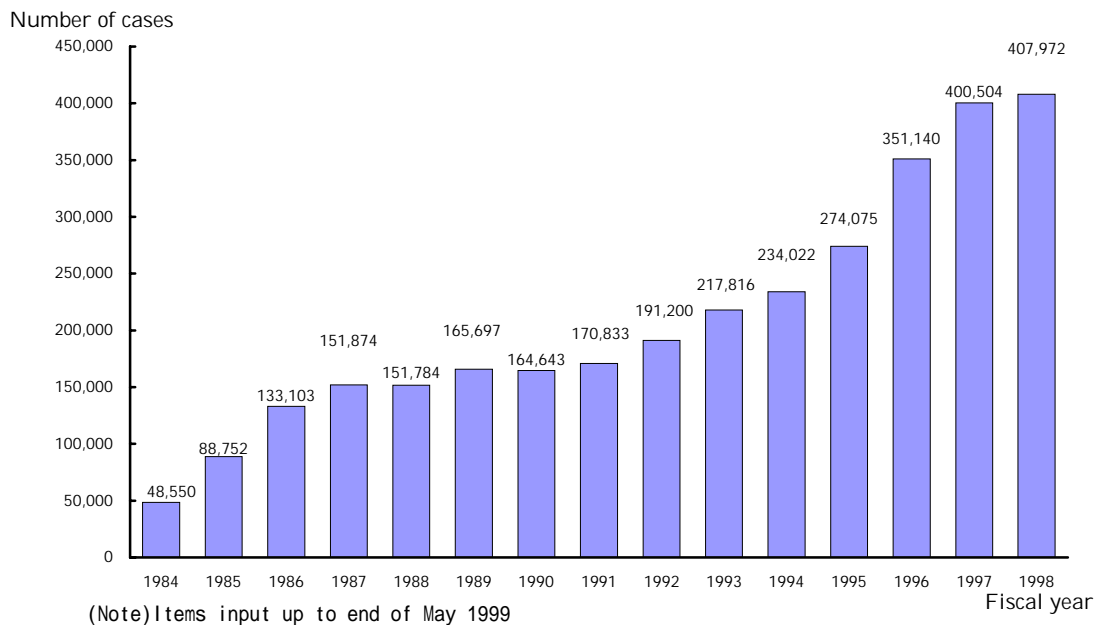


Table 1. Number of counseling cases by classification (Top 10 items)

Rank	FY1997 (No. of items)		FY1998 (No. of items)	
1.	Cultural/entertainment products	63,103	Cultural/entertainment products	62,797
2.	Financial and insurance services	36,803	Household products	39,968
3.	Household products	36,598	Financial and insurance services	37,645
4.	Clothing	31,574	Cultural/entertainment services	36,936
5.	Cultural/entertainment services	31,293	Clothing	25,702
6.	Health and sanitary products	21,296	Health and hygiene products	22,670
7.	Transportation and communication services	19,486	Transportation and communication services	20,591
8.	Rental, and lease services	18,290	Rental, lease services	19,263
9.	Food products	16,370	Health and welfare services	16,407
10.	Health and welfare services	15,121	Food	15,618

Table 2. Number of counseling cases by type of counseling content (Top 10 items)

(Multiple count)

Rank	FY1997 (No. of items)		FY1998 (No. of items)	
	1.	Contract/cancellation	264,873	Contract/cancellation
2.	Selling method	149,888	Selling method	160,109
3.	Quality, function, service quality	74,581	Quality, function, service quality	73,865
4.	Price, fees	57,568	Price, fees	62,265
5.	Customer service	43,356	Customer service	42,765

#### 4. Special Selling Methods

In FY1998, there were 215,098 cases related to "special selling methods." This is an increase of 2.1 percent from the previous year, accounting for 52.7% of the overall total, which is a new record.

In comparison with the previous year, large increases were registered by "telemarketing," "non-store, face-to-face selling," and "pyramid and quasi-pyramid selling method." "Mail order sales," which increased sharply in the previous year, declined in FY1998.

In the area of "non-store, face-to-face selling," many cases were related to "futon bedding," "newspaper subscription," and "supplementary educational materials." In relation to "pyramid and quasi-pyramid selling method," products such as "health food," "cosmetic products," and "ladies' lingerie" were major items. With regard to "telemarketing," cases on "courses to acquire qualifications" continue to account for nearly 40%, as in the previous year.

#### 5. Dubious Selling Methods in FY1998

Counseling cases involving dubious selling methods accounted for nearly 40% of the total. There were many counseling cases relating to "dubious selling" in which questionable selling techniques or approaches were used.

Looking at the specific type of selling method and approach, the largest number of cases by far concern "telemarketing" and "door-to-door sales." While the number of cases related to "telemarketing" declined temporarily in FY1996, when it fell under the control of the "Law Concerning Door-to-Door Sales," the rising trend resumed, and in FY1998 the total exceeded 40,000 cases. With regard to the sale of "courses to acquire qualifications" and "cultural/entertainment materials," problems such as false or misleading sales talk and coercive selling are common. In terms of "door-to-door sales" to households (only cases with problematic selling method), solicitation and nighttime marketing were carried out for many hours, regardless of whether the consumer wished to make a purchase.

(From "Annual JCIC Report 1999")

## II. Diversifying Consumer Troubles Related to Internet

According to the Fiscal 1999 White Paper on Telecommunications (Heisei 11 nendo ban Tsushin Hakusho), the total Internet user population in Japan is estimated to have reached about 17 million. Thus, within only five years since commercial service started, the Internet now covers more than 10%.

As the Internet becomes a familiar tool and presence for consumers, the variety and incidence of dubious selling methods that abuse the Internet are increasing. In FY1998, in addition to those troubles that were common and listed in FY1996 and FY1997 (Table 1), the contents and types of trouble have become more diverse.

### Becoming Connected With Overseas Lines Without User's Awareness

Most consumers access the Internet by signing a contract with an Internet provider. As a result, there have been many problems whereby consumers become connected to an overseas access point via software downloaded from the Internet, without being aware of it, and so end up with large bills for international telephone charges.

There were only a few such cases up to FY1997, but in FY1998 nearly 200 complaints were received by local consumer centers across Japan. Initially, these troubles tended to occur most often while consumers were looking at pornographic websites, but similar troubles have begun to occur with some home pages related to hobbies and daily life information. Overseas access points have become diverse to include Russia, Seychelles Islands, and Moldova.

Table 1

	FY96	FY97	FY98
Internet shopping	61	265	540
Internet advertising	41	171	242
Privacy on Internet	14	70	120
Internet provider	77	242	311

(Cumulative total of counseling cases in PIO-NET)

This technique abuses certain characteristics of the Internet such as lack of national boundaries and its high level of anonymity.

### Connection With Dial Q2 Service (toll dial information service)

In these cases, when a user clicks on a button on a home page, software is downloaded and the user becomes connected with Dial Q2. This is a Dial Q2 version of the scam involving international telephone

charges described above.

Here, the anonymous character of the Internet acts as a barrier, making it more difficult to uncover and solve these cases.

### Charges Billed From Credit Number

This problem occurs when a user inputs a credit card number at an overseas pornography site.

The monthly charge is usually fairly small, about ¥1000 or several thousand yen at most, and due to the nature of pornography, few cases were referred to

public agencies. Still, there were more than 100 cases.

Others

There has been a dramatic increase in the number of troubles whereby the Internet is incorporated into the sales pitch, although use of the Internet may not be involved. One common type is the sale of "a side business of creating homepages for the Internet," in which users are induced to purchase a personal computer and software, without any actual side business existing. In FY1998 alone, there were about 300 cases of this type.

### III. Product Test Results: Petrochemical Residues of Dry Cleaning Solvents

Many complaints have been made at local consumer information centers across Japan regarding burn-like skin damage suffered when consumers wear clothes that have been dry cleaned.

"About two hours after I put on my trousers that had been dry cleaned and went out, I began to feel sick, and blisters appeared on my thighs. When I went to hospital, the doctor said it was a burn caused by some chemical, and a scar might remain. I was given medication, but intense pain still prevents me from walking. When I put on this pair of trousers, I remember there was a smell of oil."

"I kept the leather trousers in a bag for several days after picking them up from the cleaners. When I wore them and went out one evening, my shin became inflamed and came up in a (reddish) rash, so I went to the hospital for treatment."

These are all examples of complaints received at various consumer information centers across Japan, related to wearing clothes that had been dry cleaned, referring to skin damage caused by residue of dry cleaning solvent in the clothes question.

In the ten-year period between FY1988 and 1998, there were about 150 cases of this type, which mostly

occurred with synthetic leather trousers. Therefore, we conducted a series of tests to clarify the facts regarding cleaning solvent residues on various types of clothes.

#### Types of Clothes Most Likely to Hold Chemical Residues

Chlorine-based solvents often used to be used for dry cleaning, but because of concerns about the effects of chlorine-based solvents in the air, controls on their use are now stricter. Therefore, in recent years petrochemical-based solvents are often used instead.

Petrochemical-based solvents cause less damage to clothes than tetrachloroethylene and other chlorine-based type solvents, but they do not vaporize quickly and so the clothes take time to dry. Under certain conditions, we dry-cleaned nine types of clothes, including synthetic leather pants, skirts, cowhide pants, polyester pants, woolen pants, angora cardigans, and down jackets, and checked the solvent residues. As a result, we found that synthetic leather and natural leather pants and thick down jackets were difficult to dry, and tended to have solvent residues.

#### Advise for Handling Clothes just Dry-cleaned

It is important to unwrap the plastic bag that covers the clothes as soon as bringing the clothes back from the dry cleaner. If there is an oily smell of solvent, then have the garment dried again at the shop, or dry it in the shade in an airy place. In particular, it is important to properly dry synthetic leather products inside out so that all the odor disappears.

If you sense any skin irritation, stop wearing the garment immediately and consult a dermatologist.

*The Japan Consumer Information Center (Kokumin Seikatsu Center) is a government-affiliated organization for consumer protection, which has 130 staff members. The main activities are consumer education, consumer consultation, research and product testing.*

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