

## Trends in Consumer Issues

### **One Year after the Consumer Contract Law Came into Effect**

One year has passed since the Consumer Contract Law, a comprehensive set of civil rules related to consumer trading, came into effect.

This law notes the fact that there is a clear gap in knowledge of products and services between consumers and dealers and aims to annul all or part of the contract, thus protecting consumer profits, if it is not appropriate to require consumers to be responsible for their purchases. Behind the establishment of this law is a rise in consumer complaints related to consumer trading referred to the National Consumer Affairs Center of Japan and local Consumer Centers. To that end, hopes run high for the effectiveness of prevention and remedy of damages.

With the one-year anniversary of the law as the turning-point, the NCAC summarized the contents of 1,162 consumer consultations(\*) related to the Consumer Contract Law. [These consultations were received by the NCAC and the local Consumer Centers from April 1, 2001 through March 31, 2002 and monitored by PIO-NET (Practical living Information Online NETwork) by April 10, 2002.]

\* What are consumer consultations related to the Consumer Contract Law?

These refer to consumer consultations stored into PIO-NET where the consumers had made contracts with the dealers on or after April 1, 2001, the year when the Consumer Contract Law came into effect, and where the Consumer Center receiving the consultations had used the Consumer Contract Law when processing the consultations. Even cases considered to be covered by the Consumer Contract Law do not include those solved by the cooling-off system set forth in the Law Concerning Specified Commercial Transactions and other regulations.

Of all consultations, the most prevalent category was "untruthful notification" (where the dealers had, when soliciting orders, given the consumers false information about an important matter related to the contract"). This category involved 508 consultations. The products and services most mentioned in the consultations were "cars," "health foods," "educational and entertainment materials," "learning materials for obtaining qualifications," "water purifiers," "accessories," and "futons (Japanese beddings)." The method of solicitation most mentioned was "home visit." Home visits covered 179 solicitations, accounting for 35.2%.

The next most prevalent was "confinement" (preventing the consumers from leaving), covering 260 consultations. These are cases where the dealers did not let the consumers go home even if the latter expressed their intention by saying "I want to go home" and leave the dealers' places of solicitation and they were obliged to sign up. The greatest categories of products they had signed up for were "accessories," "kimono (Japanese traditional clothes)," and "paintings." More than one half of these cases involved "appointment of salespersonship."

The third rank was occupied by "contract containing unfair provision," which covered 160 cases. These are cases where the contracts presumably include a contractual provision that infringes illegally on the right of consumers. The top-ranking categories of products and services were "cars," "PC and word processor lessons," "rental apartments," "rental clothes," and "pets."

Six of the aforementioned cases were found to have led to lawsuits. Of these, three cases led to decisions made by the judges (two of them finalized and one of them under a public action). In all of these three cases a lawsuit is under way pertaining to "the market pricing of the product."

### **Holding of the National Conference on Consumer Affairs**

In May 2002, the National Conference on Consumer Affairs 2002 met in Naha-shi, Okinawa Prefecture on May 29, and in Sendai-shi, Miyagi Prefecture on May 31, under the theme of "Aiming to Build a Safe and Reliable Society." The conference is a major project implemented by the Cabinet Office during the Consumer Month of May each year.

The Consumer Month was scheduled for May each year at the 20th Consumer Protection Conference in 1987 to commemorate the 20th anniversary of the establishment of the Consumers Protection Basic Law and to make the public more interested in consumer affairs. Because of some major incidents endangering the safety of consumers recently, the uniform theme for Consumer Month 2002 was set as "Aiming to Build a Safe and Reliable Society."

2002 saw the 18th session of the National Conference on Consumer Affairs (NCCA). The NCCA is a forum of opportunity for consumers, dealers, and administrators to meet, discuss consumer affairs comprehensively, and step up their trilateral linkage. The Okinawa Conference saw commemorative lectures and panel discussions on "Wise Consumers Capable of Making Secure Selections," and the Miyagi Conference saw similar events on "Consumers' Eco-friendly Choice."

The NCCA recognized 30 activists who have long been supporting and promoting consumer interests for their accomplishments.

## **Activities of the NCAC**

### **Product Testing**

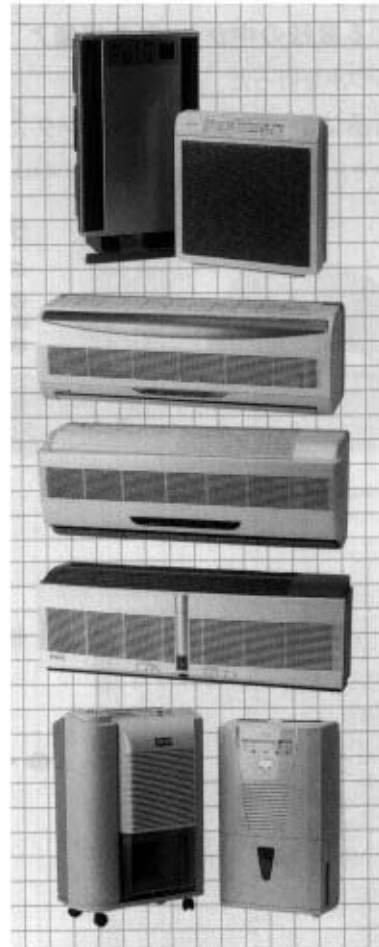
#### **Equipment claiming to clean the air (Tashikana Me [Critical Eyes], April 2002)**

Now that the public is increasingly concerned about air pollution and other environmental issues, along with the adverse effects of indoor dust and cigarette smoke on personal health, a growing number of consumers are using air cleaners to clean indoor air and remove nasty odors. Because of the growth of such consumer needs, air-conditioners and air-dehumidifiers with air purification capability have appeared in the market.

The NCAC tested air purifiers (two brands) and air-conditioners with air purification capability (three brands) and air-dehumidifiers with similar capability (two brands) in terms of how much of dust and odor generated by burned cigarettes these products eliminate and how much formaldehydes, one of the contributors to the "sick house"

syndrome (in which certain synthetic materials induce nausea). The NCAC then announced the following results:

- In terms of removing dust and other foreign matter from the air, air purifiers excel. Air dehumidifiers with air purification capability are less practical in that aspect.
- In terms of removing odor, again, air purifiers excel.
- None of the products are expected to be effective in rooms where formaldehydes are constantly generated.



#### **Performance of incontinence care products (Tashikana Me, May 2002)**

Incontinence, the unintentional release of urine, was believed only to be a problem reserved for ill or aged persons. However, these days, a growing number of women in their thirties or after childbirth are said to complain of that problem. The problem can be alleviated by incontinence care products. But the performance of these products has many shortcomings. Local Consumer Centers are receiving such grievances as "It leaks. It's useless," or "I was wearing one and I got a rash."

These incidents prompted the NCAC to test

incontinence care products for women (such as incontinence underwear and pads) and similar products in terms of absorption, deodorization, antibacterial performance, wearing feel, and other characteristics. The NCAC obtained the following results:

- Some incontinence underwear brands carried no markings about the absorption rate of urine, about which consumers are concerned. Although some brands carried such markings they actually absorbed only one half of what they claimed.
- The incontinence pads excelled in urine absorption. However, some products leaked when the user released a large amount of urine at one time. Products with gathers were found highly capable of preventing such leaks.
- As for deodorization, incontinence underwear, which can be washed again and again, is gradually reduced. On the other hand, incontinence pads are disposable, thus ensuring a certain level of performance.

#### **Quality, safety, hygiene, and eco-friendliness of wash-free rice (Tashikana Me, July 2002)**

Rice has long played a central role in Japanese eating habits. However, its consumption is on a downward trend because the eating habits of the society are diversifying. Under these circumstances, wash-free rice, which does not need to be washed before it is cooked, is rising in production, taking advantage of its benefits: "It does not leave waste water because it does not require washing, thus is eco-friendly," "economical," as well as "labor-saving and convenient."

However, the habit of washing rice before cooking has long continued, so that many consumers are uneasy about wash-free rice. Another concern is whether the markings concerning rice varieties are correct.

To answer these questions, the NCAC joined forces with the 14 local Consumer Centers and examined the quality, variety, and markings of 16 rice brands, many of which were wash-free rice brands (11 brands of wash-free rice and 5 brands of polished rice). The major results are as follows:

- Wash-free rice produced less bran and starch in the waste water. Waste water from wash-free rice had an environmental impact about one half of that of polished rice.
- Wash-free rice is not washed, thus requires lower water charges. However, it is more expensive in

terms of unit price when purchased and therefore requires a yearly total expense higher than that of polished rice. However, some brands of wash-free rice claim to be "money-saving" and "economical." Such labels may mislead consumers.

- Concerning such variety markings as "Koshi Hikari" and "Akita Komachi," which are important guides to consumers when purchasing rice, the NCAC conducted a survey by DNA-assisted variety identification and found some brands that contained rice grains different from what they claimed to contain.

#### **Safety of folding bicycles**

The number of folding bicycles, which are easy to carry in recreational activities, are growing due to their convenience and the arrival of inexpensive products. As the number of users grows, however, there are increasing numbers of consultations regarding their safety and quality. The NCAC conducted a survey to examine the actuality. On closely look at the consultations it was found that in some cases one pedal or the frame of the folding bicycle had broken during travel causing an accident. One serious case involved a user who suffered an ankle fracture that required four weeks of medical treatment. There were cases where folding bicycles were bought by mail-order service on the Internet, via TV shopping, or other media and where the victims were unable to find the locations of the sellers in the case of trouble.



On the other hand, as a result of testing folding bicycles, the NCAC found the following:

- In strength testing, some product handles and

frames were not strong enough.

- Although their mileage traveled after purchase was not long, some products pedals falling off, broken spokes, falling levers, or showed other defective signs in terms of durability.
- Some products were hard to assemble or fold, or entailed many steps of operation, thus being bothersome.

## **Surveys and Studies**

### **Internet Supermarkets**

The NCAC provides information that consumers may find useful when accessing new services that are still unfamiliar to the public. The NCAC conducted a monitor survey about Internet supermarkets in September and October 2001, and compiled a document of challenges for Internet supermarkets and advice to users.

Internet supermarkets are online supermarkets that receive orders on the Internet and deliver the goods quickly. They allow consumers to place orders any time around the clock and provide services convenient to people who find it difficult to shop, so that the public is paying attention to how these Internet supermarkets will develop.

The results of a monitor survey of Internet supermarkets indicate high customer satisfaction because the system is easy to use, product quality is high, and delivery service is good. On the other hand, many consumers are dissatisfied with the difficulty in understanding the regulations, the high pricing of delivery charges, and the length of time required to place an order.

Based on the survey findings, the NCAC issued the following advice to users of Internet supermarkets:

- Check the name, location, telephone number, and other details of the operator.
- Check the contents of the service (such as delivery charges, delivery time, and return conditions).
- When using a credit card, check the security status.
- Check the order status screen carefully and store it.
- Check the product delivered and the billed amount.

### **The 32nd Survey of Trends in People's Lives**

The NCAC conducts a survey every year to

monitor the behavior and awareness of housewives in their daily lives. The 32nd survey of trends in people's lives covered chronological subjects regarding dissatisfaction and damage regarding products and services, along with the ownership and awareness of financial products under the specific subject "Financial Products in Daily Life." In this survey, the NCAC obtained responses from 1,985 housewives.

### **[Chronological subjects]**

The survey findings indicate that 45.8% of consumers were dissatisfied with or experienced damage from products and services they bought in the past year. The products and services that were the cause of such dissatisfaction or damage were food (11.1%), finance and insurance (8.8%), and clothing and daily commodities (7.7%).

The percentage of consumers who filed their complaints was 49.0%. The complaints were reported at shops and to salespersons (29.5%) and manufacturers (17.6%). Consumers who filed their complaints with Consumer Centers or the contact person of the authorities accounted for 3.4%.

### **[Specific subject]**

The NCAC surveyed housewives in terms of their ownership and awareness of financial products, now that interest rates have remained low for a long time and the payoff system (i.e. 110 million limit on deposits guaranteed by the government in case of a financial institution failure) will soon be released.

The NCAC asked the housewives if they owned any of the 15 financial products (such as savings and deposits, savings-type insurance policy, and shares, etc.), and found that those who owned some kind of financial product accounted for 90.5%. The financial products owned by housewives included savings and deposits, postal savings, and savings-type insurance policies (life and non-life). Thus, financial products with the principal guaranteed were predominant. The purposes of their ownership included "living expenses in retirement" and "provision for illness and other unexpected expenses," each of which accounted for about 60%. Housewives not interested in introducing shares, investment trusts, or other financial products with the principal not guaranteed accounted for 78.7%.

Housewives whose sum of financial products owned had increased from the previous year accounted for 17.4%. Declined sums accounted for 48.4%. The most predominant cause of declines was "my family's income declined and I withdrew

my savings to pay daily living expenses," which accounted for 50.6%.

The housewives who were dissatisfied or experienced problems with salespersons or solicitation of orders for financial products accounted for 21.2%. The particularly predominant dissatisfaction that they had was that the manuals for such financial products were difficult to understand. This survey indicates that housewives hope that "the solicitation of orders for high-risk products not upon request from consumers will be prohibited" and "more indications and explanations will be given for investment trusts."

### **Injury Due to Household Fitness Instruments**

Growing numbers of reports are being filed by consumers who used household fitness instruments that claim to allow users to perform simple exercises at home that resulted in physical harm.

The NCAC's Consumer Injury Information System received 114 registrations of accidents due to the use of household fitness instruments from fiscal 1995 through 2001. The comparable number for the past two years was 65. Those injured ranged from 3 to 80 years old.



Many reports have been filed regarding the danger and damage caused by Slider Rollers and the Kingyo Undoki (literally translated, Goldfish Exercise Machine, which is an instrument designed to shake the user's body like a goldfish swimming). These two instruments have no safety standards or regulations. Some users were injured even when using the instruments according to the instructions. Other instruments are also considered to be faulty in terms of their construction.

The NCAC requested the industry to reconsider the safety of their products and make appropriate indications. The center also advises consumers to read instructions carefully before using fitness instruments and to use them with good consideration of their physical capabilities and conditions.

### **Visitors from Foreign Countries**

\* Mr. Tong-Ying Chen, Deputy Director, Ms. Huang Tzu Hua, Associate Research Fellow of Taiwan

Institute of Economic Research (May 10)

\* 18 Members of Korean OCAP (The Organization of Consumer Affairs Professionals in Business) (June 4)