



P12

Consumers' Rights and Retailers' responsibilities

E352- Retail Logistics

SCHOOL OF
ENGINEERING

Introduction



- ▶ All businesses must comply to law of the country/area
- ▶ Laws will impact retail strategies
- ▶ Increasing pressure to behave in an ethical and socially responsible manner



Consumer Protection (Fair Trading) act 2003



- ▶ Applicable to supplier/consumer that is resident in Singapore
- ▶ Applicable to offer or acceptance relating to the consumer transaction made in or is sent from Singapore
- ▶ There are 20 main paragraphs to this Act, but we will only focus on a few of them in this lesson
- ▶ This act can be found in the Ministry of Trade and Industry Singapore website



Meaning of Unfair Practice



- ▶ It is an unfair practice for a supplier, in relation to a consumer transaction —
 - (a) to do or say anything, or omit to do or say anything, if as a result a consumer might reasonably be deceived or misled;
 - (b) to make a false claim;
 - (c) to take advantage of a consumer if the supplier knows or ought reasonably to know that the consumer —
 - ▶ (i) is not in a position to protect his own interests; or
 - ▶ (ii) is not reasonably able to understand the character, nature, language or effect of the transaction or any matter related to the transaction

Specific Unfair Practices



- ▶ Misrepresenting of goods with untrue
 - Sponsorship, approvals, standards, quality, grade, condition of goods, etc
- ▶ Charging a price that is higher than the estimate given to the customer, except if the customer agrees to the higher charges in advance.
- ▶ Taking advantage of a consumer by exerting undue pressure or undue influence on the consumer to enter into the transaction
- ▶ More specific unfair practices can be found the Second Schedule of the Consumer Protection Act.

Circumstances surrounding unfair practices



- ▶ An unfair practice may occur before, during or after a consumer transaction and may consist of a single act or omission.
- ▶ In determining whether or not a person has engaged in an unfair practice —
 - the reasonableness of the actions of that person in those circumstances is to be considered; and
 - an act or omission by an employee or agent of a person is deemed also to be an act or omission of the person if the act or omission occurred in the course of —
 - ▶ (i) the employee's employment with the person; or
 - ▶ (ii) the agent exercising the powers or performing the duties on behalf of the person within the scope of the agent's actual or apparent authority.

Consumer's right to sue for unfair practices



- ▶ A consumer who has entered a consumer transaction involving an unfair practice may commence an action in a court of competent jurisdiction against the supplier.
- ▶ There is a time limitation to sue the vendor for unfair practices
 - Action must be taken no later than one year from the time the consumer have knowledge of the unfair practice.



Lemon Law



- ▶ “Lemon Laws” refer to consumer protection laws that provide remedies for consumers against defective goods, colloquially known as “lemons”. These are goods that fail to meet standards of quality and performance, even after repeated repair.

-MTI Website

- ▶ This has been added into the Consumer Protection (Fair Trading) Act in 1st Sep 2012

Lemon Law – Frame Work



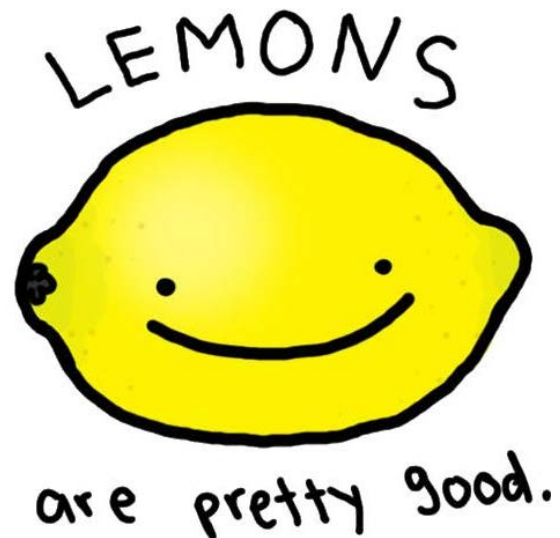
- ▶ If product fails to meet standards or are defective,
 - ▶ The retailer may offer to repair or replace the defective goods, and should do so within a reasonable period of time and with minimal inconvenience to the consumer.
 - ▶ In some cases, repair and replacement are not possible or reasonable .The consumer may instead keep the defective goods and ask for a reduction in price (estimated to be the difference between the value of the product in its contracted condition and the value of the product in the faulty condition)
 - ▶ Alternatively, the consumer may request to return the product for a refund.The refund amount may be reduced to take into account the use that the consumer has had of the goods. If the item has never worked, a full refund should be made.

Lemon Law – Time Frame



▶ 6 months

- ▶ If defect is found within 6 months of delivery, it is assumed that the defects existed at the time of delivery.
 - Retailers responsibility to proof otherwise
- ▶ If defect is found after 6 months of delivery, it will be the consumers responsibility to proof that the defect exist at the time of delivery.
- ▶ Perishable goods will depend on the expiry date. They are not expected to last longer than their shelf life.



Help to Consumer



- ▶ If consumers are not sure about their rights and what they can do against unfair retailers, or need help on claims under the new Lemon Law, they can approach CASE.



**Consumers
Association
of Singapore**

Consumers Association of SingaporE



- ▶ A non-profit, non-governmental organisation
- ▶ Committed to protect consumers interest through
 - Information
 - Education
 - Promoting an environment of fair and ethical trade practices
- ▶ Achieving their aims through:
 - Consumer education
 - Working with retailers
 - Pushing for legislation

History of CASE



- ▶ Started in 1969 but a passionate group of civic conscious consumers and the National Trade Union Congress (NTUC)
- ▶ Their cause was to protect and promote consumer's interest.
- ▶ At that time, consumers felt victimised
- ▶ Prices of pork was increasing and there was proposal of increasing the price of bread.
- ▶ The public was outraged and in the response, CASE was formed

History of CASE - cont



- ▶ Since their formation, CASE has been active and involved in consumers' rights and responsibilities.
- ▶ CASE works towards hearing consumers' concerns
- ▶ Informing consumers on relevant consumer issues
- ▶ Educating consumers about their rights
- ▶ Over the years, CASE has done a lot for the consumers and one of the key achievement was the lobbying for Consumer Protection Act that came to effect in 1st march 2004.
- ▶ A detailed history of CASE can be found in their website.

Making a Complain with CASE



- ▶ It is important to note that CASE only handles consumer-to-business disputes.
- ▶ CASE do not handle:
 - Business-to-business disputes
 - Tourist complaints
 - Landlord and tenant claims
 - Speculation in shares, stocks, commodities and investments
 - Accident claims
 - Overseas companies

Mediation Service



- ▶ CASE also provides mediation services
- ▶ Facts about mediation:
 - Mediation is voluntary.
 - Mediators work towards encouraging both parties through interaction to arrive at an amicable settlement by themselves.
 - During mediation, both parties have full opportunity to put forward their side of the story. Both parties are able to understand both sides of the coin with inclusion of mediators' suggestions.
 - Mediation allows both parties to resolve the matter through the facilitation of a mediator.



► Facts about mediation (cont):

- The mediator, unlike a judge, does not make decisions on the disputes in any way.
- There is informed decision making on the terms of settlement with the facilitation of the mediators.
- Mediation sessions tend to be less stressful to both parties and, at times, are friendly conversations and clarifications.
- In mediation, there is no right or wrong or winning party or losing party. It is a win-win situation.

Corporate Social Responsibility (CSR)



- ▶ Laws and legal framework set a minimum standard for business.
- ▶ But it is not possible to cover all aspect of business activities.
- ▶ Retailers must take into account ethical norms and social responsibilities in their operations.
- ▶ Ethical behaviours have impact on the reputation of the business.
- ▶ High standards of ethical behaviour are regarded positively by society

Corporate Social Responsibility - cont



- ▶ This also have influence on their current and future customers.
 - Ask yourself, would you buy a product is you know that the product is produce by child labour?





► Quoted from Reader's Digest:

“As consumers become more environmentally and ethically aware, they choose brands which echo those value. Thus brands are forced by the market to have a conscience”

Jaime Chua

**Director of brand management with Equus Design
Consultants in Singapore**

CSR - Activities



- ▶ Much of the impetus behind CSR initiatives are by customers
- ▶ Main CSR activities are:
 - Community initiatives
 - ▶ Gifts in kind
 - ▶ Charitable donations
 - ▶ Sponsorship of community events
 - Environmental protection
 - ▶ Reduce CO2 emission
 - ▶ Using less energy
 - Ethical sourcing (more will be share in the later slides)

Main Areas of CSR



▶ **Consumerism**

- ▶ Refers to activities of consumers, consumer organisations that aims to promote and protect consumers' rights
 - CASE in Singapore
- ▶ Consumers are not just concern about price, product features and service aspect of the product,
- ▶ They want products to reflect their concerns. Eg
 - Environmental
 - Ethical



▶ **Ethical and Green Consumers**

▶ Ethical consumers are influenced by ethical beliefs,
eg

- Animal welfare
- Child labour
- Labour standards
- Human rights

▶ **Green Consumers**

- Concern about protecting the environment
- Will only buy products that does not harm the environment
- Ethical in the sense that they want to protect the environment for future generations



▶ **Environmentalism**

- ▶ Similar to Consumerism but target is different.
- ▶ Focus on protection of the environment which are cause by:
 - Production
 - Distribution
 - Marketing activities
 - Consumption activities



Main Areas of CSR - Cont



- ▶ **Environmentalism** - cont
- ▶ Environmental concerns can be divided in 2 areas.
 - Product sold
 - ▶ Remove CFC from aerosols
 - ▶ Unleaded petrol for cars



Main Areas of CSR - Cont



▶ **Environmentalism** - cont

▶ Environmental concerns can be divided in 2 areas.

- Retail operations

- ▶ 3 Rs

- Reuse
- Recycle
- Reduce

- ▶ Using refillable containers

- ▶ Reusable crates for deliveries

- ▶ Reduce energy usage (Carbon footprint)

- ▶ Reduce transportation (Carbon footprint)





- ▶ **Ethical Sourcing**
- ▶ Concern with exploitation of workers and producers in the 3rd World countries
- ▶ 2 Main strands to ethical sourcing
 1. Ethical Trading Initiative (ETI)
 2. Fair Trade Initiative



▶ **Ethical Sourcing**

I. Ethical Trading Initiative (ETI)

- ▶ Concern with ensuring retailers take responsibility to work with suppliers that implement internationally acceptable labour standards
 - Employment is freely chosen
 - Working condition is safe and hygienic
 - Child labour is not used
 - None excessive working hours
 - No discrimination
 - No inhumane treatment



▶ **Ethical Sourcing**

2. Fair Trade Initiative

- ▶ Fair trade aims to alleviate poverty in 3rd World countries
- ▶ Involves paying producers in these countries fair price that will give them sufficient returns to cover basic needs and some investments
- ▶ It started from a 'trade not aid' philosophy for helping the 3rd World countries.

Briefing to John



- ▶ Should cover the following:
 - Consumer Protection (Fair Trade) Act including Lemon law
 - ▶ Meaning of unfair practice
 - ▶ The specific Unfair practices
 - ▶ Framework of Lemon Law
- ▶ John should be warned that by claiming that the products are manufacturer in Europe, but in fact they are not,
 - Customer will have a case against him for unfair practices and he is liable to be sued.

Briefing to John

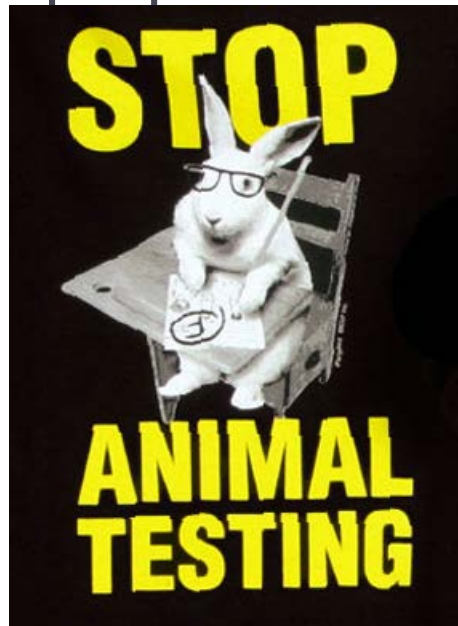


- ▶ Corporate Social Responsibility is to be responsible to the community that we live in.
- ▶ There are many aspect of it which was covered earlier in the presentation.
- ▶ John should be made known that
 - Using not bio-degradable products pollutes the environment and are unacceptable to many especially to the environmentalist. People that support the green movement will boycott his shop.

Briefing to John



- ▶ John should also be made known that
 - Animal testing is something that many people cannot tolerate.
 - We will be quite sure that there will be customers that will buy from him if they know about this.
 - With today's advancement in communication, it is quite sure that people will know about it.



Briefing to John



► On CASE

- We should know that CASE is a association that promotes and educates on consumer rights.
- CASE also works closely with retailers to ensure fair practices.

Case Study



▶ On the case study

- According to CASE, Concord Developments has breach the CPFTA by
 - ▶ Exerting undue pressure
 - Telling the customers that they are liable to be sued for their liability and this liability can be passed to their children and grand children
 - ▶ Making misleading and/or false claims to consumers
 - They were told to sign an agreement to dispose of their timeshare but the agreement does not enable the customers to dispose of the timeshare conclusively or related to recovery of monies.

Learning Objectives



- ▶ Explain Consumer Protection Act in Singapore
 - Unfair Practices
 - Lemon Law
- ▶ Explain Corporate Social Responsibilities
 - The various major Areas
- ▶ Describe CASE and list what they can and cannot do