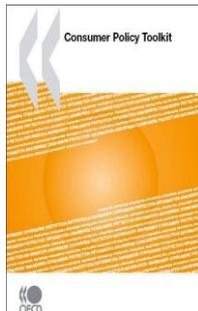




CONSUMER POLICY TOOLKIT

CHAPTERS OVERVIEW

www.oecd.org/sti/consumer-policy/toolkit



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The markets for goods and services have undergone significant changes over the past 20 years. Regulatory reform, global markets, new technologies and growth in the role of services in economic activity have driven the changes which, in many instances, have provided significant benefits to consumers. Relatively little attention has been paid to the challenges these developments have posed for consumers.

More choice and more complexity in many markets have made it increasingly difficult for them to compare and assess the value of products and services. The challenges for consumers have raised similar challenges for the government authorities responsible for protecting them from unfair commercial practices and fraud.

This book examines how markets have evolved and provides insights for improved consumer policy making. It explores, for the first time, how what we have learned through the study of behavioural economics is changing the way policy makers are addressing problems.

CHAPTER 1 | THE CHANGING CONSUMER AND MARKET LANDSCAPE

This chapter reviews the key trends that have been observed in both markets and consumers, primarily focusing on the main problems that consumers and consumer agencies are confronting. The more demanding markets for consumers have raised related challenges for policy-makers; those responsible for consumer protection must quickly respond to a rapidly changing and highly sophisticated marketplace.

Focusing on:

- Changes in markets
- Changes in consumers
- Implications for policy makers

CHAPTER 2 | THE ECONOMICS OF CONSUMER POLICY

The first section of this chapter sets out the basic economics underlying consumer policy, focusing on the role played by information both in creating market failures and in correcting them. This approach is based on the neoclassical model of economic behaviour where consumers are viewed as knowing their preferences and adopting consistent ways of achieving them. The second section examines how the findings from the emerging field of behavioural economics can be used to improve understanding of how consumers actually operate in markets. Using the results and insights from psychological research into how consumers make decisions, behavioural economics relaxes some of the basic assumptions used in the traditional model. Some implications of these insights for consumer policy are also discussed.

Focusing on:

- Conventional approach
- Behavioural economics
- Conclusions

CHAPTER 3 IDENTIFYING AND ANALYSING CONSUMER MARKET PROBLEMS

The purpose of this chapter is to i) define what consumer detriment is, ii) indicate how markets can be screened to detect problems where detriment may be present, and iii) provide suggestions on how market problems can be analysed and how detriment can be measured. Screening, analysis and measurement are essential parts of the policy making framework presented in Chapter 5, as they provide the basis on which decisions to introduce a policy measure should be made. They can also play an important role in helping to determine which of the policy measures described in Chapter 4 might be most effective in addressing a problem.

Focusing on:

- What is consumer detriment?
- How can markets be screened to detect problems where consumer detriment may exist?
- Analysis of market problems

CHAPTER 4 CONSUMER POLICY INSTRUMENTS

The chapter shows that the toolkit contains many different types of instruments, all of which can be highly effective in at least some situations. Some of the tools are aimed at helping consumers directly, such as consumer education and assistance provided to consumers on how to seek redress when they have been affected by unfair commercial practices. Other measures are directed at firms supplying products, such as requirements that certain information be provided to consumers or restrictions on some types of sales and advertising practices. As discussed in Chapter 5, the challenge for policy makers is to identify, evaluate and test the most promising tools for addressing the problems they are confronting.

Focusing on:

- Consumer awareness and education
- Information provision and disclosure
- Contract-term regulation
- Cooling-off periods
- Moral suasion
- Codes of conduct
- Standards
- Licensing and accreditation
- Prohibitions
- Dispute-resolution and redress mechanisms
- Enforcement strategies

CHAPTER 5 CONSUMER POLICY DECISION MAKING

This chapter sets forth a framework that consumer agencies can use to decide when they might want to intervene in market to address a problem, and what policy instrument(s) they might want to use. As pointed out earlier, the work of officials responsible for consumer policy has become more challenging over time in light of the changes that are occurring in markets (see Chapter 1) and with an increased understanding of how markets work and how consumers make (see Chapter 2). This chapter examines the implications for consumer policy making. It provides a step-by step process that consumer agencies can use to analyse and act on problems, drawing extensively on the material presented in Chapters 3 and 4, and the theoretical concepts examined in Chapter 2.

Focusing on:

- Objectives of consumer policy
- Framework for consumer policy makers