

CONSUMER FOCUS BOARD

PAPER 15.2

Title:	Consumer Conditions Survey
Purpose:	For decision
Date of meeting:	3 February 2009
Responsible officer:	Ed Mayo
Prepared by:	Steve Brooker
Attachments:	None

A Overview

1. In 2008, BERR commissioned a major consumer research survey assessing consumer perceptions of market conditions in 45 economic sectors on key performance indicators relating to confidence and transparency.
2. There is an opportunity for Consumer Focus to 'own' this survey in future years. However, we would have to meet the cost of the survey, which was £166,000 plus VAT. The price of the survey is determined by a number of factors, so there is scope to reduce costs; nevertheless, it would still represent a substantial investment that would require reallocation of funds from elsewhere.
3. This paper summarises the scope of the survey and sets out the advantages and disadvantages of Consumer Focus running the Consumer Conditions Survey in future years. It sets out the following options for the Board to consider:
 - To run the survey subject to a small number of modifications. Following a review of the survey data, then decide whether or not to repeat the survey either annually or biannually, or to not repeat the survey at all
 - To run a cut-down version of the survey reflecting discussion at the Board meeting, followed by a review as above

- To not run the survey

B Action for the Board

4. To decide the approach Consumer Focus should take based on the options set out in the Proposal section of this paper.

C The key issues

5. The BERR Consumer Conditions Survey is based on a model developed by the Danish Consumer Agency, which has been running a similar survey since 2004. Consumers are asked to rate the markets in which they had recent transactional experience in terms of:
 - The ease of comparing the **quality** of goods and services
 - The ease of comparing **prices**
 - The range of goods and services and the degree of **choice** available
 - The degree to which the good or service lived up to **expectations**
 - Confidence that **consumers' rights** were protected
 - Confidence that goods and services were being **advertised and marketed** in a trustworthy manner

In addition, data was gathered on:

- Whether or not consumers had made a complaint in that market or had 'cause to complain'
 - Channel or method of purchase and use of the internet
 - Whether or not they felt disadvantaged in that market
 - Socio-demographic data – gender, age, social grade, income, working status, ethnicity, disability, region
6. The survey covered 45 markets on a sample size of 500 consumers per market (5,625 in total). The list of markets comprises those which either take up a high proportion of household expenditure or have a high level of complaints.
 7. The survey data is used to generate an overall Consumer Confidence Index score (CCI) based on an average of the mean scores consumers gave to each market on each of the six key performance indicators. Notable findings from the 2008 survey include:
 - Markets which were relatively highly rated tended to be at the more 'fun' or pleasure end of the market spectrum, such as clothing and electrical

goods. Markets which were relatively poorly rated are some of the 'pain' markets which are engaged 'when things go wrong', or are more complex or have been affected by recent economic factors.

- The most poorly rated markets were: gas and electricity; private pension plans; home maintenance services; petrol, diesel or oil; private sector renting; and estate agents and house purchasing services.
 - Across all markets, choice was the aspect which was the most highly rated, followed by the degree to which a market lived up to expectations. Consumer confidence was less high in terms of advertising and marketing, and whether or not consumers' rights are being protected.
 - Just over a fifth of consumers stated they felt at a disadvantage based on the following definition: 'any health problems, of access to shops, or making sense of the information, or your financial circumstances'. Those who did feel at a disadvantage in any of the markets tended to give lower scores on all the KPIs (except those from low income households who gave significantly higher scores on all KPIs than those from high income households). However, there was relatively little difference between the markets in terms of the proportions stating they felt at a disadvantage and no particular pattern emerged.
8. In December 2008, Ed Mayo met with BERR officials to discuss the possibility of Consumer Focus running the survey in future. BERR officials were keen that Consumer Focus should do this, but were clear that funding would not be made available to support such an exercise.
9. The cost of the 2008 survey was £166,000 plus VAT. While some of this sum was spent on designing the methodology and piloting, the vast majority was absorbed by the survey costs. It would be possible to reduce these costs by conducting the survey online, covering fewer economic sectors, running a smaller sample size per sector or cutting out some KPIs – although these changes would mean trade offs in terms of quality. Further, we might decide to run the survey biannually. However, although the total number of consumers surveyed (5,625) is sufficient to provide robust data for each UK nation in overall terms, the sample size per sector (500) is not sufficient to provide reliable evidence on national differences in consumer perceptions in those sectors. Boosting sample sizes across the piece to account for this would increase costs substantially to approximately £400,000. An examination of raw data from the first survey has revealed there were not any statistically significant national differences in responses. Therefore, if a decision is made to proceed with the survey, it is suggested that we boost sample sizes only for a limited number of sectors that are of particular interest and/or related to our work priorities in Scotland and Wales.

10. The advantages and disadvantages of Consumer Focus running the consumer Conditions Survey in future would appear to be as follows:

Advantages

- The survey is a 'one-of-its-kind' in the UK and provides unique data on consumer perceptions of market conditions across key economic sectors, including the experience of consumers who consider themselves to be at a disadvantage.
- It would be a prestigious survey for Consumer Focus to run and would help to position us as an authoritative voice on the consumer experience in the goods and services economy.
- The survey would provide Consumer Focus with a rich data set that would support our advocacy work across a number of programmes. It is unlikely BERR would run the survey on a regular basis in future years due to resource constraints, nor are there other obvious candidates to do so. Therefore, this data would not be available in future if Consumer Focus decided not to run the survey.
- As a partial voice for consumers, Consumer Focus is able to provide a different style of commentary on the research findings than is perhaps appropriate for a Government Department.

Disadvantages

- It might be argued that good data on the consumer experience of goods and services is already available elsewhere, for example the Consumer Direct database and the European Commission Consumer Markets Scorecard (measures performance across the 27 Member States on five indicators: complaints, price levels, satisfaction, switching, safety).
- It is possible that the survey results will not change significantly, at least in the short term, so the degree to which we are able to learn something 'new' about the consumer experience may be limited. If true, this would raise concerns over value for money.
- The survey is useful as far as it goes in presenting a snapshot of consumers' own *perceptions* of markets, but in-depth examination of individual markets would be needed to establish a more rounded picture of the consumer *experience*.
- The leverage that Consumer Focus could exert over poorly-performing industries by using the survey is arguably less than could be achieved by a Government Department. For example, the Danish Government has used the survey results as evidence to commence specific initiatives, such as

creating new Complaint Councils within industries not previously covered or negotiating standard contract terms.

- The survey would involve significant expenditure over an ongoing period, which would require reallocation of existing resource. This might not be sustainable in a future scenario where we face funding cuts.

D Proposal

11. The Board is asked to consider the following options:

- To run the survey subject to a small number of modifications. Following a review of the survey data, then decide whether or not to repeat the survey either annually or biannually, or to not repeat the survey at all
- To run a cut-down version of the survey reflecting discussion at the Board meeting, followed by a review as above
- To not run the survey

E Resources

12. The expenditure involved is significant. The precise funding commitment is dependent on a series of factors related to the survey design as described above.

F Next steps

13. Should the Board decide to proceed, this work would be led by the Fair Markets Team with a high level of input from the Principal Researcher. A decision on the timing of the next survey would be made following the Board discussion. Our suggestion is that we commission the survey immediately to make use of unspent money in the 2008/9 budget.